

Code: 8277

UNIFOSA CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'  
REPORT

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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## § TABLE OF CONTENTS §

	Item	Page No.
I.	Cover	—
II.	Table of Contents	—
III.	Independent Auditors' Report	1
IV.	Parent Company Only Balance Sheets	6-7
V.	Parent Company Only Statement of Comprehensive Income	8
VI.	Parent Company Only Statements of Changes in Equity	9
VII.	Parent Company Only Statement of Cash Flows	10
VIII.	Notes to P Parent Company Only Financial Statements	
	(I) General	11
	(II) The date and procedures of authorization of financial statements	11
	(III) Application of new and revised standards and interpretations	11-12
	(IV) Summary of significant accounting policies	13-26
	(V) Critical accounting judgements and key sources of estimation and uncertainty	26-27
	(VI) Explanation of significant accounts	27-48
	(VII) Related party transactions	49-50
	(VIII) Pledged assets	50
	(IX) Material contingent liabilities and unrecognized contractual commitments	50
	(X) Significant disaster loss	50
	(XI) Significant events after the balance sheet date	50
	(XII) Others	51-57
	(XIII) Separately disclosed items	
	1. Information on significant transactions	57
	2. Information on investees	57
	3. Information on investment in Mainland China	57
	4. Information on major shareholders	57
	(XIV) Segment Information	57
IX.	List of Major Account	58-78

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

### Opinion

We have audited the accompanying parent company only financial statements of Unifosa Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial status of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its cash flow for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2024 are stated as follows:

#### Recognition of Sales Revenue

Taiwan's Standards on Auditing (TWSA) presupposes that revenue recognition inherently carries fraud risk. Management may experience pressure to achieve expected financial targets, which results in a higher inherent risk of fraud in revenue recognition. In 2024, the sales revenue of the top ten sales customers of Unifosa Corp. accounted for 51.02% of the annual net operating income, which has a relatively significant impact on the parent company only financial statements, therefore, we consider it a key audit matter.

We address the above mentioned matter by taking main audit procedures as follows:

1. Understanding the internal control systems related to sales transactions, and evaluating the effectiveness of their design and implementation.
2. Understanding customer backgrounds and obtaining basic information to assess whether transaction amounts and credit limits are reasonable in relation to company size.
3. Conduct audit tests on customers' purchasing orders and shipping orders, at the same time, check and verify with external shipping documents, receivables write-off records and certificates of receipts and other relevant information to assess whether they meet the conditions for revenue recognition.

#### The Evaluation of Impairment for Investment Using Equity Method (including goodwill and intangible assets)

Unifosa Corp. acquired the control of MORELINK TECHNOLOGY CORPORATION in 2020. As of December 31, 2024, the balance of the investment using equity method of this merger and acquisition the Company has is NT\$20,986 thousand (including goodwill at \$13,402 thousand and intangible assets of 4,809 thousand).

For Unifosa Corp., Morelink Technology Corporation is an independent cash generating unit, and the recoverable amount of investments (including goodwill and intangible assets) using the equity method is measured according to its future operating cash flows. As these assumptions involve management's subjective judgment and may be affected by future industrial and economic outlooks, and are highly uncertain, the Evaluation of impairment of investments using the equity method is listed as a key audit matter. For details of investments using the equity method, please refer to Notes 4, 5 and 6 (5) to the Parent Company Only Financial Statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Understanding and assessing management's procedures for identifying signs of impairment of such assets.
2. Assess the professional competence, competency and objectivity of external evaluation experts commissioned by management. Discussing with management the terms of reference of the evaluation expert and review the terms of his appointment to confirm that there are no matters affecting his objectivity or limiting his scope of work, and that the methodology used by the evaluation expert is consistent with International Accounting Standards and its industry norms.
3. Understanding the process and basis for management's estimation of the financial data forecast of the cash generating units belonging to such assets from the future operating outlook.

#### Assessment for Allowance for Inventory Valuation and Obsolescence Losses

The inventory business content of Unifosa Corp. is divided into memory business group and storage business group, which may affect management's estimation of net realization value and judgment of inventory obsolescence due to fluctuations in market demands and rapid technological changes, so it is listed as a key audit matter. For the valuation of inventory allowances against price declines and obsolete losses, please refer to notes 4, 5 and 6 (4) to the Parent Company Only Financial Statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Assessing whether the provision policy adopted by management to provide for the allowance for the loss for market price decline and obsolete and slow-moving inventories is reasonable and appropriate.
2. Obtaining the breakdown of inventory price declines prepared by management, verify whether it is measured by cost and net realizable value whichever is lower, through sampling, and assess the reasonableness of the net realizable value basis used.
3. Obtain inventory aging analysis reports, evaluate inventory status through sample selection, testing of relevant certificates and by participating in and observing year-end inventory takes, so as to assess the adequacy of the allowance for inventory obsolescence loss.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic

of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: We also performed the following procedures:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 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.

Crowe (TW) CPAs

Certified Public Accountant: Ya Chuan Chang

Certified Public Accountant: Chin Feng Lin

FSC approval number: Financial Management Certificate Examination No.1050001113

February 25, 2025

Notice to Readers

*For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

**UNIFOSA CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
**Unit: In Thousands of New Taiwan Dollars**

Code	ASSETS	Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
	<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents	Note 6(1)	\$ 89,559	17	\$ 107,084	18
1150	Notes receivable from unrelated parties, net	Note 6(3)	91	-	480	-
1170	Accounts receivable from unrelated parties, net	Note 6(3)	36,904	7	33,415	6
1180	Accounts receivable from related parties, net	Note 6(3) and 7	49	-	-	-
1200	Other receivables	Note 6(3) and 7	109	-	132	-
1220	Income tax assets	Note 6(15)	85	-	65	-
1310	Inventories, net	Note 6(4)	23,374	5	24,821	4
1410	Prepayments		751	-	1,314	-
1470	Other current assets		-	-	11	-
11xx	Total current assets		<u>150,922</u>	<u>29</u>	<u>167,322</u>	<u>28</u>
	<b>NON-CURRENT ASSETS</b>					
	Financial assets at fair value through other comprehensive					
1517	income	Note 6(2)	3,705	-	4,350	-
1550	Investments accounted for using the equity method	Note 6(5)	101,881	20	135,289	24
1600	Property, plant, and equipment	Note 6(6) and 8	259,655	49	262,386	44
1755	Right-of-use assets	Note 6(7)	5,510	1	7,403	1
1840	Deferred income tax assets	Note 6(15)	-	-	11	-
1975	Net defined benefit assets	Note 6(10)	-	-	12,288	2
1900	Other non-current assets		6,960	1	8,049	1
15xx	Total non-current assets		<u>377,711</u>	<u>71</u>	<u>429,776</u>	<u>72</u>
1xxx	TOTAL ASSETS		<u>\$ 528,633</u>	<u>100</u>	<u>\$ 597,098</u>	<u>100</u>

(Continued)

(Continued)

Code	LIABILITIES AND EQUITY	Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
	Current liabilities					
2130	Contract liabilities	Note 6(12)	\$ 117	-	\$ 2,530	-
2170	Accounts payable to unrelated parties		19,364	4	20,437	4
2200	Other payables	Note 6(9)	18,633	4	16,861	3
2280	Lease liabilities	Note 6(7)	1,872	-	1,845	-
2300	Other current liabilities		594	-	381	-
21xx	Total current liabilities		<u>40,580</u>	<u>8</u>	<u>42,054</u>	<u>7</u>
	Non-current liabilities					
2570	Deferred income tax liabilities	Note 6(15)	5	-	2,728	-
2580	Lease liabilities	Note 6(7)	3,756	-	5,629	1
2645	Deposits received		738	-	738	-
25xx	Total non-current liabilities		<u>4,499</u>	<u>-</u>	<u>9,095</u>	<u>1</u>
2xxx	Total liabilities		<u>45,079</u>	<u>8</u>	<u>51,149</u>	<u>8</u>
	Equity					
3110	Share capital	Note 6(11)	916,288	173	916,288	154
3200	Additional paid-in capital	Note 6(11)	60,654	12	60,849	10
	Retained earnings	Note 6(11)				
3310	Legal reserve		7,306	1	7,306	1
3350	Accumulated deficit		(489,429)	(92)	(427,800)	(71)
3300	Total retained earnings		<u>(482,123)</u>	<u>(91)</u>	<u>(420,494)</u>	<u>(70)</u>
3400	Other Equity Items	Note 6(11)	(11,265)	(2)	(10,694)	(2)
3xxx	Total equity		<u>483,554</u>	<u>92</u>	<u>545,949</u>	<u>92</u>
	TOTAL LIABILITIES AND EQUITY		<u>\$ 528,633</u>	<u>100</u>	<u>\$ 597,098</u>	<u>100</u>

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

**UNIFOSA CORP.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**Unit: In Thousands of New Taiwan Dollars  
(Except Earnings Per Share)**

Code	Item	Note	2024		2023	
			Amount	%	Amount	%
4000	Net operating revenue	Note 6(12) and 7	\$ 209,565	100	\$ 194,599	100
5000	OPERATING COSTS	Note 6(4 and 13)	(161,475)	(77)	(152,648)	(79)
5900	Gross profit from operations		48,090	23	41,951	21
5910	Unrealized sales loss (gain)		22	-	(9)	-
5920	Realized sales gain		9	-	9	-
5950	Gross profit from operations		48,121	23	41,951	21
	OPERATING EXPENSES	Note 6(13) and 7				
6100	Selling and marketing expenses		(18,368)	(9)	(18,522)	(9)
6200	General and administrative expenses		(38,442)	(18)	(37,441)	(19)
6300	Research and development expenses		(15,783)	(8)	(14,819)	(8)
6000	Total operating expenses		(72,593)	(35)	(70,782)	(36)
6900	LOSS FROM OPERATIONS		(24,472)	(12)	(28,831)	(15)
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income		948	-	1,081	-
7020	Other gains and losses	Note 6(14) and 7	4,013	2	11,159	6
7050	Finance costs		(171)	-	(167)	-
7070	Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method	Note 6(5)	(46,720)	(22)	(50,538)	(26)
7000	Total non-operating income and expenses		(41,930)	(20)	(38,465)	(20)
7900	LOSS BEFORE INCOME TAX		(66,402)	(32)	(67,296)	(35)
7950	Income tax (expense) benefit	Note 6(15)	(16)	-	(130)	-
8200	Net loss for the period		(66,418)	(32)	(67,426)	(35)
	OTHER COMPREHENSIVE INCOME (LOSS)					
8310	Items that will not be reclassified to profit or loss:					
8311	Remeasurement of defined benefit plans	Note 6(10)	2,061	1	256	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Note 6(11)	(645)	-	(225)	-
	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income					
8349	Income tax relating to items that will not be reclassified to profit or loss	Note 6(15)	2,728	1	(51)	-
			4,144	2	(20)	-
8360	Items that will be reclassified to profit or loss:					
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	Note 6(11)	74	-	(44)	-
	Share of profit (loss)					
8399	Income tax relating to items that will be reclassified to profit or loss	Note 6(15)	-	-	-	-
			74	-	(44)	-
8300	Other comprehensive income for the year (net of income tax)		4,218	2	(64)	-
8500	Total comprehensive income for the period		\$ (62,200)	(30)	\$ (67,490)	(35)
	EARNINGS PER SHARE	Note 6(16)				
9750	Basic earnings per share		\$ (0.72)		\$ (0.74)	
9850	Diluted earnings per share		\$ (0.72)		\$ (0.74)	

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

**UNIFOSA CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**Unit: In Thousands of New Taiwan Dollars**

Code	Share capital	Additional paid-in capital	Retained earnings		Other Equity Items		Total Equity
			Legal reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements.	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	
A1	\$ 916,288	\$ 6,998	\$ 7,306	\$ (360,579)	\$ -	\$ (10,425)	\$ 559,588
C7							
		53,587					53,587
D1				(67,426)			(67,426)
D3				205	(44)	(225)	(64)
D5				(67,221)	(44)	(225)	(67,490)
M5		(216)					(216)
M7		480					480
Z1	916,288	60,849	7,306	(427,800)	(44)	(10,650)	545,949
D1				(66,418)			(66,418)
D3				4,789	74	(645)	4,218
D5				(61,629)	74	(645)	(62,200)
M5		(195)					(195)
Z1	\$ 916,288	\$ 60,654	\$ 7,306	\$ (489,429)	\$ 30	\$ (11,295)	\$ 483,554

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

**UNIFOSA CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
Unit: In Thousands of New Taiwan Dollars

Code		2024	2023
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Loss before income tax	\$ (66,402)	\$ (67,296)
A20000	Adjustments for:		
A20100	Depreciation expenses	4,624	4,594
A20900	Interest expenses	171	167
A21200	Interest income	(948)	(1,081)
A22400	Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	46,720	50,538
A23700	Impairment loss on non-financial assets	6,398	-
A23900	Unrealized sales loss (gain)	(22)	9
A24000	Realized sales gain	(9)	(9)
A31000	Net movement in operating assets		
A31130	Decrease in notes receivable - unrelated parties, net	389	292
A31150	Increase in accounts receivable from unrelated parties, net	(3,489)	(6,998)
A31160	Increase in accounts receivable from related parties, net	(49)	-
A31180	Decrease (increase) in other accounts receivable	23	(27)
A31200	Decrease in inventories, net	1,447	14,309
A31230	Decrease (increase) in prepayments	563	(573)
A31240	Decrease (increase) in other current assets	11	(9)
A31990	Decrease (increase) in other operating assets	14,349	(302)
A32000	Net changes in operating liabilities		
A32125	Increase (decrease) in contract liabilities	(2,413)	483
A32150	Decrease in accounts payable to unrelated parties	(1,073)	(1,192)
A32180	Increase in other payables	1,772	879
A32230	Increase in other current liabilities	213	7
A33000	Cash inflow (outflow) from operations	2,275	(6,209)
A33100	Interest received	948	1,081
A33300	Interest paid	(171)	(167)
A33500	Income tax paid	(20)	(49)
AAAA	Net cash inflow (outflow) from operating activities	3,032	(5,344)
BBBB	CASH FLOWS FROM INVESTING ACTIVITIES		
B01800	Acquisition of investments accounted for using equity method	(19,800)	(35,400)
B06700	Increase in other non-current assets	-	(1,224)
B06800	Decrease in other non-current assets	1,089	-
BBBB	Net cash outflow from investing activities	(18,711)	(36,624)
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES		
C04020	Repayment of principal portion of lease liabilities	(1,846)	(1,745)
CCCC	Net cash outflows in financing activities	(1,846)	(1,745)
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,525)	(43,713)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	107,084	150,797
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 89,559	\$ 107,084

UNIFOSA CORP.  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
For the Years ended December 31, 2024 and 2023  
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(I) GENERAL

UNIFOSA CORP. (hereinafter referred to as "the Company") was incorporated on May 16, 1994 in accordance with the Company Act and relevant laws and regulations of the Republic of China. The Company primarily engages in the manufacture of office machinery, data storage and processing equipment, and electronic components, as well as wholesale, retail, and international trade of office machinery and equipment. On December 27, 2004, Unifosa Corp.'s shares were listed in the over-the-counter market on Taipei Exchange (TPEX) for trading.

The Company merged with Proware Technology Co., Ltd. (hereinafter referred to as "Proware Technology") on January 1, 2013 as the merger date, with the Company as the surviving entity.

(II) THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved by the Board of Directors and issued on February 25, 2025.

(III) APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2024

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024 (Note)
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024 (Note)
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements"	January 1, 2024 (Note)

This amendment will apply to annual reporting periods beginning on or after January 1, 2024.

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

2. The impact of not yet adopting the newly released and revised IFRSs that have been endorsed by the FSC:

The new/revised/amended IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2025 :

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the approval and issuance date of these individual financial statements, the Company has evaluated that the aforementioned standards and interpretations have no significant impact on its financial position and financial performance.

3. The following are the IFRSs that have been issued by the International Accounting Standards Board (IASB) but have not yet been endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New / Revised / Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Natural Power"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure of Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRSs - Cycle 11	January 1, 2026

As of the date the parent company only financial statements were authorized for issue, the Company is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

(IV) Summary of significant accounting policies

The summary of the Company's significant accounting policies are as follows:

1. Statement of compliance

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

2. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. The current profit and loss, other comprehensive profit and loss and equity in the parent company only report are the same as the current profit and loss, other comprehensive profit and loss and equity attributable to the owner of the Company in the Company's consolidated financial report. There is no difference in the basis of accounting treatment between the parent company only and the consolidated reports.

3. Foreign currency

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary items are translated at the closing exchange rate.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the re - translation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

When preparing the parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into the presentation currency (New Taiwan Dollars) using the exchange rate at each balance sheet date; income and expense items are translated at the average exchange rates for the period. The resulting exchange differences are recognized in other comprehensive income and appropriately attributed to the owners of the Company and non-controlling interests.

When disposing of a foreign operating institution constitutes a loss of control, joint control or significant influence on the foreign operating institution, all interests attributable to the owner of the Company related to the foreign operating institution will be reclassified as profit or loss.

When part of the disposal of a subsidiary included in a foreign operating institution does not constitute a loss of control over the subsidiary, the accumulated exchange difference recognized in other comprehensive profit or loss is re-attributed to the non-controlling interest of the subsidiary in proportion and is not recognized as profit or loss. In the case of any other partial disposal of foreign operating institutions, the Company's ownership interests in associates or jointly controlled entities have decreased but no significant influence or joint control has been lost. Accumulated exchange differences recognized in other comprehensive profit or loss are reclassified to profit or loss in proportion to the disposal.

4. Classification of Current and Non-Current Assets and Liabilities

Current assets include cash and cash equivalents, assets held primarily for trading purposes, and assets expected to be realized within 12 months after the balance sheet date, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date. Current liabilities include liabilities held primarily for trading purposes, liabilities due to be settled within 12 months after the balance sheet date, and liabilities for which the entity does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are non-current assets and liabilities, respectively.

5. Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term and highly liquid investments (including time deposits with an original maturity date of three months) that can be converted into fixed cash at any time with little risk of change in value.

6. Financial Instruments

Financial assets and financial liabilities are recognized on parent company only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss and included in the original recognized amount of financial assets and financial liabilities.

(1) Financial Assets

A. Measurement category

The Company's financial assets are classified into the following categories:

(a) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable designate investment in equity instruments that is not held for trading as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(b) Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, .notes and trade receivables and other financial assets are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

## B. Impairment of financial and contractual assets

At each balance sheet date, the Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable), debt instrument investments measured at fair value through other comprehensive income, lease receivables, and contract assets based on expected credit losses.

The Company always recognizes the loss allowance by lifetime Expected Credit Loss (i.e. ECL) for notes and accounts receivable. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month ECL. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

the Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. However, the allowance loss on investments in debt instruments measured at fair value through other comprehensive gains and losses is recognized in other comprehensive gains and losses and does not reduce their carrying amount.

## C. De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

(2) Equity Instruments

The obligations and equity instruments issued by the the Company are classified as financial liabilities based on the substance of the joint agreement and the definition of financial liabilities and equity instruments.

An equity instrument is any contract that recognizes the Company's residual interest in assets less all liabilities. The equity instruments issued by the Company are recognized at the proceeds obtained after deducting the direct issuance costs.

The reacquired equity instruments of the Company are recognized and deducted under equity items. The purchase, sale, issuance or write-down of the Company's own equity instruments are not recognized in profit or loss.

(3) Financial Liabilities

A. Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value and any gain or loss arising from the remeasurement is recognized in profit or loss.

Financial liabilities other than held-for-trading and designated at fair value through profit or loss are measured at amortized cost using the effective interest method.

B. Derecognition of Financial Liabilities

The Company derecognizes financial liabilities only when the obligation is released, canceled or expires. When derecognizing a financial liability, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

7. Inventories

The Company's inventory includes raw materials, work-in-progress, semi-finished products, finished products and commodities, etc., which are recorded on the basis of actual purchase costs, and the weighted average method is used for cost calculation.

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriated to group similar or related items. The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations.

8. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

Investments in Subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

When the Company's share of losses to a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), losses continue to be recognized on a pro rata basis.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the control of a subsidiary is lost, the Company measures its remaining investments in the former subsidiary at the fair value of the date of loss of control, and the difference between the fair value of the remaining investments and the price of any disposition and the carrying amount of the investments at the date of loss of control is included in profit or loss for the year. In addition, all amounts recognized in other comprehensive gains and losses relating to the subsidiary are accounted for on the same basis as the Company must follow for the direct disposition of the relevant assets or liabilities.

The remaining investment in the former subsidiary is the cost of the original recognized investment in the associate at the fair value at the date of loss of control.

Unrealized gains and losses on downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Profits and losses arising from countercurrent and side stream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements to the extent unrelated to the Company's interests in subsidiaries.

Investments in Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized in the

parent company only balance sheet at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate and the distribution received. The Company also recognizes the changes in the equity of associates attributable to the Company.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after re-evaluation, is recognized immediately in profit or loss.

When the associate issues new shares, and the Company subscribes at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to additional paid-in capital, but the additional paid-in capital recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate

attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Profits and losses, resulting from upstream, downstream, and side stream transactions between the Company and associates, are recognized on parent company only financial statements in the scope of the Company's equities that are not relevant to its associates.

9. Property, plant, and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. The cost includes incremental costs that are directly attributable to the acquisition or construction of assets.

Real estate, plant and equipment under construction are recognized at cost less accumulated impairment losses. Upon completion and in their intended state of use, the assets are classified into the appropriate categories of real estate, plant and equipment and depreciation commences.

There is no provision for depreciation on owned land.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

10. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For contracts consisting of leased and non-leased components, the Company apportioned the consideration in the contract on a relative price basis and treated it separately.

(1) The Company as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any lease incentives received, any initial direct

costs incurred and an estimate of costs needed to restore the underlying assets.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

(2) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

11. Intangible Assets

(1) Acquired Separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis with the useful life. The estimated useful life, residual value, and amortization method are reviewed at least at the end of each reporting period by the Company, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

(2) Incurred Internally - R & D Expense

The Company's expenditures in the research stage are recognized as expenses when incurred, and only when meeting the specified conditions will the expenses be recognized as intangible assets in the stage of the internal plan development:

The cost of internally incurred intangible assets is recognized as the sum of expenditures incurred since the date when the specified conditions are met and is subsequently measured by the amount after deducting accumulated amortization and accumulated impairment losses from the cost.

(3) Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of such asset is recognized in profit or loss for the current period.

12. Impairment of non-financial assets

At each balance sheet date, the Company evaluates assets with indicators of impairment and estimates their recoverable amounts. When the recoverable amount is less than the carrying amount, an impairment loss is recognized. The recoverable amount refers to an asset's fair value less costs of disposal or its value in use, whichever is higher. When the circumstances that caused an asset to be impaired in previous years no longer exist, the impairment loss recognized in prior years is reversed within the limit of the previously recognized loss amount.

13. Liability provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the balance sheet date, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense. Future operating losses shall not be recognized as provisions.

14. Employee benefit

(1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

(2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost as well as previous service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit assets may not exceed the present value of contributions refunded from the scheme or reduced in future contributions.

The cost of retirement benefits for the interim period is calculated on an actuarial basis from the beginning of the year to the end of the current period, using the actuarial cost rate determined by the end of the previous year, and adjusted for major market fluctuations in the current period, major plan amendments, liquidations or other major one-off events.

(3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as for determining a benefit retirement plan, except that the relevant remeasures are recognized in profit and loss.

(4) Termination benefits

The Company recognizes the liability for separation benefits when it is no longer able to withdraw the offer of separation benefits or recognize the related restructuring costs, whichever occurs first.

15. Revenue recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

The transaction price shall not be adjusted for the material financial component of a contract for which the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year.

(1) Revenue from sale of goods

The Company outsourced the manufacture and sale of goods and recognizes revenue when the promised goods are delivered to the client and the customer obtains its control (i.e., the customer's ability to control the use of the goods and obtain almost all of the residual benefits of the goods). The main products are memory modules, flash memory cards, random access memory and RAID products, and revenue is recognized on the basis of the price stated in the contract.

At the time of dematerialization, the control of the ownership of the processed products is not transferred, and the income is not recognized at the time of dematerialization.

The warranty provided by the Company is based on the guarantee that the goods provided will operate as expected by the customer and are handled in accordance with the provisions of IAS37.

The credit period of the company's sales commodity transaction is 30~90 days, and most contracts recognize accounts receivable when the commodity transfer control and the right to receive consideration unconditionally, such accounts receivable are usually short in period and do not have a material financial component; However, in some contracts, part of the consideration is charged to the customer before the transfer of the goods, and the Company is required to bear the obligation to transfer the commodities subsequently, it is hence recognized as a contractual liability.

(2) Service Revenue

The services provided by the Company are mainly recognized as income according to the progress of the completion of the contract.

The Company's contractual agreement price is received in accordance with the payment period specified in the contract, and when it has the right to transfer the services to the customer but has not yet unconditionally received the consideration, the contract assets are recognized, and the contract assets are also subject to allowance impairment measured by the amount of expected credit loss during the existence period in accordance with IFRS9. However, in some contracts, part of the consideration is charged to the customer at the time of signing, and the Company assumes the obligation to provide services in the future, it is hence recognized as a contractual liability.

The period for which the Company's aforesaid contractual liabilities are converted to revenue normally does not exceed one year and does not result in the creation of material financial components.

## 16. Share-based Payment

The share-based payment agreement for equity delivery is based on the fair value of the goods to which the equity is granted, and the employee services obtained are recognized as compensation costs during the vested period and adjusted to equity relative to the vested period. The fair value of the equity commodity should reflect the impact of the acquired and non-vested conditions of the market price. The cost of compensation recognized is adjusted according to the amount of compensation that is expected to meet the conditions of service and non-market vested conditions, until the final recognition amount is recognized on the vested date.

Share-based payment agreements settled in cash are recognized as compensation costs and liabilities during vested periods based on the fair value of the liabilities assumed, and measured at the fair value of the commodities to which the equity is given at each balance sheet date and delivery date, and any changes are recognized as profit or loss for the current period.

## 17. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

### (1) Current tax

Current income tax is calculated based on the tax rates enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated according to Taiwan's Income Tax Act.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### (2) Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated

with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Previously unrecognized deferred tax assets are also reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(V) Critical accounting judgements and key sources of estimation and uncertainty

In the application of the Company's accounting policies, the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The critical accounting judgments and key sources of estimation and uncertainty are as follows:

1. Impairment assessment of tangible and intangible assets (excluding goodwill)

In the process of assessing asset impairment, the Company needs to rely on subjective judgments and determine the independent cash flow of specific asset groups, the useful life of the asset, and the possible future income and expenses based on asset usage patterns and industry characteristics. Changes in estimates brought about by changes or corporate strategies may result in material impairments or reversals of recognized impairment losses in the future.

## 2. Valuation of Inventory

Since inventories must be stated at the lower of cost and net realizable value, the Company must exercise judgment and make estimates to determine the net realizable value of inventories at the balance sheet date.

Due to rapid technological changes, the Company evaluates the amount of inventory affected by normal obsolescence, technological obsolescence, or lack of market value at the balance sheet date, and writes down inventory cost to net realizable value. This inventory valuation is mainly based on the estimated demand for products in a specific period in the future, therefore, there may be material changes.

## 3. Impairment Evaluation for Investments Using Equity Method (including goodwill and other intangible assets)

The management of the Company evaluates the impairment based on the future cash flow forecast of the investee company, including the operating cash flow estimated by the internal management team of the investee company that may be generated in the future, and determines the appropriate discount rate used to calculate the present value. The Company also considers the current conditions of relevant markets and industries to determine the rationality of its relevant assumptions.

## (VI) Explanation of significant accounts

### 1. Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and revolving funds	\$ 100	\$ 100
Demand deposits	49,459	56,984
Time deposits	<u>40,000</u>	<u>50,000</u>
	<u>\$ 89,559</u>	<u>\$ 107,084</u>

As of December 31, 2024 and 2023, the above mentioned bank deposits were not used as pledged assets and/or under any other circumstances of restricted uses.

### 2. Financial assets at fair value through other comprehensive income

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current items</u>		
Equity investments		
Domestic unlisted shares	<u>\$ 3,705</u>	<u>\$ 4,350</u>

- (1) The Company invests in the ordinary shares of the companies listed above for medium and long-term strategic purposes, and expects to make profits through long-term investment. The Company's management believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, therefore, these investments are designated to be measured at fair value through other comprehensive income by choice.
- (2) As of December 31, 2024 and 2023, the above-mentioned financial assets measured at fair value through other comprehensive profit and loss were not used as pledged assets and/or under any other circumstances of restricted uses.

3. Notes Receivable, Accounts Receivable and Other Receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Notes receivable from operating activities	\$ 91	\$ 480
Notes receivable not from operating activities	—	—
Less: Allowance for bad debts	—	—
	<u>\$ 91</u>	<u>\$ 480</u>
<u>Accounts receivable</u>		
Accounts receivable	\$ 36,953	\$ 33,415
Less: Allowance for bad debts	—	—
	<u>\$ 36,953</u>	<u>\$ 33,415</u>
<u>Other receivables</u>		
Service revenue receivables, etc.	\$ 109	\$ 132
Less: Allowance for bad debts	—	—
	<u>\$ 109</u>	<u>\$ 132</u>

- (1) The Company adopts the simplified method of IFRS 9 to recognize the allowance loss of trade receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic situation. As the Company's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days that trade receivables are overdue.

- (2) The Company's loss allowance for trade and other receivables based on provision matrix.

	December 31, 2024					Total
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue more than 270 days	
Total book value	\$ 36,736	\$ 326	\$ —	\$ —	\$ —	\$ 37,062
Expected credit loss rate	0%	0%	0%	0%	100%	
Loss Allowance (lifetime expected credit losses)	—	—	—	—	—	—
Amortized cost	<u>\$ 36,736</u>	<u>\$ 326</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 37,062</u>

  

	December 31, 2023					Total
	Not overdue	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days	Overdue more than 270 days	
Total book value	\$ 33,469	\$ 78	\$ —	\$ —	\$ —	\$ 33,547
Expected credit loss rate	0%	0%	0%	0%	100%	
Loss Allowance (lifetime expected credit losses)	—	—	—	—	—	—
Amortized cost	<u>\$ 33,469</u>	<u>\$ 78</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 33,547</u>

- (3) As of December 31, 2024 and 2023, the above-mentioned notes and accounts receivables were not used as pledged assets and/or under any other circumstances of restricted uses.

4. Inventories

	December 31, 2024	December 31, 2023
Merchandise	\$ 10,934	\$ 4,517
Finished goods	1,517	1,494
Semi-finished goods	7,019	11,306
Work-in-process	641	2,368
Raw Material	3,263	5,136
	<u>\$ 23,374</u>	<u>\$ 24,821</u>

- (1) Inventory-related profits and losses recognized as cost of sales in the current period are as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventory sales	\$ 155,445	\$ 144,427
Loss for market price decline and obsolete and slow-moving inventory (Gain from price recovery of inventory)	(714)	4,001
OTHERS	6,744	4,220
	<u>\$ 161,475</u>	<u>\$ 152,648</u>

- (2) As of December 31, 2024 and 2023, the above-mentioned inventory net value were not used as pledged assets and/or under any other circumstances of restricted uses.

5. Investments accounted for using the equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiaries	\$ 53,482	\$ 74,574
Associates	48,399	60,715
	<u>\$ 101,881</u>	<u>\$ 135,289</u>

(1) Subsidiaries

- A. The subsidiaries of the Company are as follows:

<u>Investee</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Amount</u>	<u>Shareholding Ratio</u>	<u>Amount</u>	<u>Shareholding Ratio</u>
Morelink Technology Corporation (hereinafter as Morelink Tech.)	\$ 20,986	47.61%	\$ 43,134	47.61%
Phoenix Innovative Materials Inc. (hereinafter as Phoenix Materials)	<u>32,496</u>	98.89%	<u>31,440</u>	98.75%
	<u>\$ 53,482</u>		<u>\$ 74,574</u>	

- B. The Company did not participate in Phoenix Material's cash capital increase in October 2024 and 2023 according to its shareholding percentage, resulting in an increase in shareholding percentage to 98.89%.
- C. The Company recognized goodwill of NT\$19,800 thousand from the acquisition of Morelink Technology Corporation. The impairment test of goodwill allocates the goodwill to the cash-generating unit related to Morelink Technology Corporation, using value in use as the basis for calculating the recoverable amount. The calculation of value in use is based on cash flow projections from financial forecasts approved by management for the next five years, discounted at rates of 11.44% and

12.43% as of December 31, 2024 and 2023, respectively, to reflect the specific risks associated with the relevant cash unit.

Based on the above assessment results, the Company recognized goodwill impairment losses of NT\$6,398 thousand and NT\$0 for the years 2024 and 2023, respectively.

D. For relevant information about the Company's subsidiaries, please refer to the 2024 consolidated financial report.

(2) Associates

A. The associates of the Company are listed as follows:

<u>Investee</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Amount</u>	<u>Shareholding Ratio</u>	<u>Amount</u>	<u>Shareholding Ratio</u>
Individually immaterial associates:				
Foresight Energy Technology Co., Ltd.	<u>\$ 48,399</u>	9.04%	<u>\$ 60,715</u>	9.04%

As of December 31, 2024, the Company's shareholding percentage in Foresight Energy Technology Co., Ltd. was 9.04%. Although the Company's shareholding percentage is less than 20%, it has significant influence over the company, therefore the equity method is applied for valuation.

B. For information regarding the business nature, principal place of business, and country of registration of the above associates, please refer to Schedule 3 "Information of Investee Companies, Location...etc." in Note 13(1).

C. The summarized financial information of the Company's individually immaterial associates is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total assets	<u>\$ 685,863</u>	<u>\$ 782,503</u>
Total liabilities	<u>\$ 150,475</u>	<u>\$ 110,873</u>
	<b>2024</b>	<b>2023</b>
Operating revenue	<u>\$ 111,597</u>	<u>\$ 118,792</u>
Net loss for the current year	<u>\$ (137,054)</u>	<u>\$ (45,370)</u>
Other comprehensive income for the current year	<u>\$ 812</u>	<u>\$ (484)</u>

D. The share of profit (loss) and other comprehensive income of associates accounted for using the equity method for the years 2024 and 2023 were recognized based on the financial statements of each associate for the same period audited by certified public accountants.

(3) As of December 31, 2024 and 2023, none of the above investments accounted for using the equity method were restricted by being provided as collateral or pledge.

6. Property, plant, and equipment

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Self-use	\$ 199,382	\$ 201,784
Operating lease	60,273	60,602
	<u>\$ 259,655</u>	<u>\$ 262,386</u>

(1) Self-use

	<u>Land</u>	<u>Building</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Costs and revaluation reserve</u>					
Jan. 1, 2024 balance	\$ 166,085	\$ 77,801	\$ 2,720	\$ 117	\$ 246,723
Increase	—	—	—	—	—
Disposal	—	—	(1,294)	—	(1,294)
Dec. 31, 2024 balance	<u>\$ 166,085</u>	<u>\$ 77,801</u>	<u>\$ 1,426</u>	<u>\$ 117</u>	<u>\$ 245,429</u>
Jan. 1, 2023 balance	\$ 168,990	\$ 79,052	\$ 2,831	\$ —	\$ 250,873
Increase	—	—	—	117	117
Disposal	—	—	(111)	—	(111)
Assets reclassified as held for operating lease	(2,905)	(1,251)	—	—	(4,156)
Dec. 31, 2023 balance	<u>\$ 166,085</u>	<u>\$ 77,801</u>	<u>\$ 2,720</u>	<u>\$ 117</u>	<u>\$ 246,723</u>
<u>Accumulated depreciation / impairment</u>					
Jan. 1, 2024 balance	\$ —	\$ 42,638	\$ 2,289	\$ 12	\$ 44,939
Depreciation expenses	—	2,111	252	39	2,402
Disposal	—	—	(1,294)	—	(1,294)
Dec. 31, 2024 balance	<u>\$ —</u>	<u>\$ 44,749</u>	<u>\$ 1,247</u>	<u>\$ 51</u>	<u>\$ 46,047</u>
Jan. 1, 2023 balance	\$ —	\$ 40,626	\$ 2,067	\$ —	\$ 42,693
Depreciation expenses	—	2,111	333	12	2,456
Disposal	—	—	(111)	—	(111)
Assets reclassified as held for operating lease	—	(99)	—	—	(99)
Dec. 31, 2023 balance	<u>\$ —</u>	<u>\$ 42,638</u>	<u>\$ 2,289</u>	<u>\$ 12</u>	<u>\$ 44,939</u>

(2) Operating lease

	<u>Land</u>	<u>Building</u>	<u>Total</u>
<u>Costs and revaluation reserve</u>			
Jan. 1, 2024 balance	\$ 47,457	\$ 15,918	\$ 63,375
Increase	—	—	—
Disposal	—	—	—
Dec. 31, 2024 balance	<u>\$ 47,457</u>	<u>\$ 15,918</u>	<u>\$ 63,375</u>
Jan. 1, 2023 balance	\$ 44,552	\$ 14,667	\$ 59,219
Increase	—	—	—
Disposal	—	—	—
From self-use assets	2,905	1,251	4,156
Dec. 31, 2023 balance	<u>\$ 47,457</u>	<u>\$ 15,918</u>	<u>\$ 63,375</u>
<u>Accumulated depreciation / impairment</u>			
Jan. 1, 2024 balance	\$ —	\$ 2,773	\$ 2,773
Depreciation expenses	—	329	329
Disposal	—	—	—
Dec. 31, 2024 balance	<u>\$ —</u>	<u>\$ 3,102</u>	<u>\$ 3,102</u>
Jan. 1, 2023 balance	\$ —	\$ 2,345	\$ 2,345
Depreciation expenses	—	329	329
Disposal	—	—	—
From self-use assets	—	99	99
Dec. 31, 2023 balance	<u>\$ —</u>	<u>\$ 2,773</u>	<u>\$ 2,773</u>

The Company leases land and buildings under operating leases, and the lease period is 2 to 3 years. At the end of the lease period, the lessee has no preferential purchase of such assets.

The total amount of lease payments to be received in the future for leasing out self-owned real estate, plant and equipment under operating leases is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
1st year	\$ 3,653	\$ 2,686
2nd year	1,689	112
3rd year	—	—
	<u>\$ 5,342</u>	<u>\$ 2,798</u>

(3) The Company's property, plant and equipment are depreciated on a straight-line basis over the following useful years :

Building	35 ~ 50 years
Office equipment	5 ~ 10 years
Other equipment	2 years

(4) Please refer to Notes 6 (8) and 8 for details of the Company's provision of land and buildings as collateral for loans as of December 31, 2024 and 2023.

7. Right-of-use assets

(1) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Book value of right-of-use- assets</u>		
Transportation equipment	\$ 5,510	\$ 7,403
		<u>Transportation equipment</u>
<u>Costs and revaluation reserve</u>		
Jan. 1, 2024 balance		\$ 9,094
Increase		—
Disposal		—
Dec. 31, 2024 balance		<u>\$ 9,094</u>
Jan. 1, 2023 balance		\$ 6,134
Increase		3,810
Disposal		(850)
Dec. 31, 2023 balance		<u>\$ 9,094</u>
<u>Accumulated depreciation / impairment</u>		
Jan. 1, 2024 balance		\$ 1,691
Depreciation expenses		1,893
Disposal		—
Dec. 31, 2024 balance		<u>\$ 3,584</u>
Jan. 1, 2023 balance		\$ 732
Depreciation expenses		1,809
Disposal		(850)
Dec. 31, 2023 balance		<u>\$ 1,691</u>

(2) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Book value of lease obligation</u>		
Current	\$ 1,872	\$ 1,845
Non-current	<u>3,756</u>	<u>5,629</u>
	<u>\$ 5,628</u>	<u>\$ 7,474</u>

Range of discount rate for lease obligation:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Transportation equipment	<u>1.62%~3.12%</u>	<u>1.62%~3.12%</u>

(3) Important Leasing Activities and Terms

The Company leases some transportation equipment for office use, and the lease period is 2 to 5 years. At the end of the lease period, the Company has no preferential right to purchase the leased transportation equipment.

(4) Information on other leases

	<u>2024</u>	<u>2023</u>
Rental expenses for low-value assets	\$ 272	\$ 242
Cash outflow for lease payments	\$ (2,118)	\$ (1,987)

The Company chooses to apply the recognition exemption for leases that match short-term leases and low-value asset leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

8. Short-term Debt

- (1) Please refer to Note 6(6) and 8 for details of the Company's provision of assets as collateral for loans as of December 31, 2024 and 2023
- (2) As of December 31, 2024 and 2023, the undrawn loan facilities granted to the Company by financial institutions were both at 130,000 thousand.

9. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payroll & bonus payable	\$ 11,330	\$ 10,707
Professional service fees payable	4,111	3,285
OTHERS	3,192	2,869
	<u>\$ 18,633</u>	<u>\$ 16,861</u>

10. Retirement Benefits Plans

(1) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly payroll to employees' pension accounts.

The amount that should be allocated in accordance with the specified proportion in the defined contribution plan has been recognized in the profit and loss statement of the parent company only report in 2024 and 2023. The total recognized expenses are 2,482 thousand and 2,531 thousand respectively. As of December 31, 2024 and 2023, the due appropriations that have not yet been paid to the contribution plan are 610 thousand and 636 thousand respectively, and these amounts have been paid after the balance sheet date.

(2) Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Act that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by designated government bureau, the Company does not have any right to intervene in the investments of the Funds.

During 2024, the Company reached agreements with certain employees to settle their years of service under the old pension system, and settled pensions according to relevant regulations. The resulting settlement benefits have been recognized in the statement of comprehensive income.

Amounts recognized in respect of these defined benefit plans in the individual balance sheets were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ —	\$ 11,058
Fair value of plan assets	—	(23,346)
Net defined benefit assets	<u>\$ —</u>	<u>\$ (12,288)</u>

Changes in the present value of defined benefit obligation are as follows :

	2024		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Jan. 1, 2024 balance	\$ 11,058	\$ (23,346)	\$ (12,288)
Service costs			
Service costs for current year	—	—	—
Interest expenses (income)	38	(122)	(84)
Recognized in profit or loss	38	(122)	(84)
Remeasurements			
Return on plan assets	—	(2,023)	(2,023)
Actuarial loss (gain)			
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	—	—	—
Experience adjustments	(38)	—	(38)
Recognized in other comprehensive income	(38)	(2,023)	(2,061)
Participant contributions to the plan	—	—	—
Benefit payments	(11,058)	—	(11,058)
Pension account settlement	—	25,491	25,491
Dec. 31, 2024 balance	\$ —	\$ —	\$ —

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
Jan. 1, 2023 balance	\$ 11,058	\$ (22,788)	\$ (11,730)
Service costs			
Service costs for current year	—	—	—
Interest expenses (income)	97	(399)	(302)
Recognized in profit or loss	97	(399)	(302)
Remeasurements			
Return on plan assets	—	(159)	(159)
Actuarial loss (gain)			
Changes in demographic assumptions	—	—	—
Changes in financial assumptions	—	—	—
Experience adjustments	(97)	—	(97)
Recognized in other comprehensive income	(97)	(159)	(256)
Participant contributions to the plan	—	—	—
Benefit payments	—	—	—
Dec. 31, 2023 balance	<u>\$ 11,058</u>	<u>\$ (23,346)</u>	<u>\$ (12,288)</u>

The above defined benefit plans recognized in the gain or loss of pension are listed in the individual items below:

	2024	2023
OPERATING COSTS	\$ (14)	\$ (49)
Selling and marketing expenses	(13)	(47)
General and administrative expenses	(34)	(125)
Research & development expenses	(23)	(81)
Total	<u>\$ (84)</u>	<u>\$ (302)</u>

through the defined benefit plans under the R.O.C. Labor Standards Act, the Company is exposed to the following risks:

- A. Investment risk: The pension funds are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Act, the rate of return on the Company's assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
- B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions at the measurement date were as follows:

	Measurement date	
	December 31, 2024	December 31, 2023
Discount rate	1.375%	1.75%
Rate of salary increase	1.00%	1.00%
Expected duration of defined benefit obligation	- years	- years

If main actuarial assumptions vary within a reasonable extent, as for other assumption remaining unchanged, the present value of defined benefit obligation increases (decreases) shall be as follows:

	Measurement date	
	December 31, 2024	December 31, 2023
Discount rate		
Increase	\$ —	\$ —
Decrease	\$ —	\$ —
Rate of salary increase		
Increase	\$ —	\$ —
Decrease	\$ —	\$ —

As actuarial assumptions may be correlative with one another, it is less likely that only one single assumption will be changed, the above sensitive analysis cannot indicate actual changes of the present value of defined benefit obligation.

In addition, in the aforementioned sensitivity analysis, the present value of the determined benefit obligation at the end of the reporting period was calculated using the estimated unit benefit method and measured on the same basis as the determination of benefit liability.

The Company expects to allocate 0 thousand to the determined benefit plan within one year after December 31, 2024.

## 11. Equity

### (1) Capital-common stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Shares (in thousands)	200,000	200,000
Share capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and fully paid-in shares (in thousands)	91,628.8	91,628.8
Issued capital	<u>\$ 916,288</u>	<u>\$ 916,288</u>

The issued ordinary shares are with a par value of \$10 per share, and each share is entitled to one voting right and the right to receive dividends

### (2) Additional paid-in capital

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Only to be used to offset losses</u>		
Recognition of changes in equity interests in subsidiaries	\$ 69	\$ 264
Changes in equity in associates and joint ventures accounted for using the equity method	60,585	60,585
	<u>\$ 60,654</u>	<u>\$ 60,849</u>

Such capital reserve refers to the impact of equity transactions recognized by changes in the equity of the Company and its subsidiaries and associates when the Company has not actually acquired or disposed of the equity of subsidiaries and associates, or the adjustment of the capital reserve of subsidiaries and associates recognized by the Company using the equity method.

(3) Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company shall first pay taxes and offset its losses in previous years and then set aside the legal capital reserve at 10% of the profits left over, and allocate or reverse special reserves when necessary. However, if the legal reserves have reached the Company's paid-in capital, then the abovementioned does not apply. Any balance left over shall be added with the accumulated undistributed earnings of the previous year and be allocated according to the resolution provided from the board meeting based on the proposal of the dividends policy and the allocation of retained earnings. If the planned execution is to be carried out in the form of issuing new shares, the proposal should be submitted and approved by the Shareholders' meeting before execution.

If the Company distributes dividends and bonuses or all or part of legal reserves and paid-in capital reserve by issuing cash, it shall be reported to the shareholders meeting after authorizing the Board of which the quorum reaches two-third of the directors and obtaining the approvals from more than half of the attending directors.

Considering the environment and the growth period the Company is in, and in response to future capital needs and long-term financial planning, as well as to satisfy the needs of the shareholders' expectations of cash inflows, the Company appropriates more than 50% of the retained earnings to stockholders' dividends, of which the cash dividends should not be lower than twenty (20) percent of the sum of total dividends.

Since June 13, 2007, the Company no longer has supervisors, and the original supervisor's duties were performed by the Audit Committee.

The appropriation for legal reserve shall be made until the reserve equals to the paid-in capital. The legal reserve may be used to offset a deficit, or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.

When distributing earnings, the Company must set aside a special reserve in accordance with legal requirements for the net deduction of other equity items (such as cumulative balances of exchange differences on translation of foreign operations' financial statements, unrealized gains and losses on financial assets measured at fair value through other comprehensive income, and effective portion of gains and losses on hedging instruments in cash flow hedges). If there is a subsequent reduction in the deduction amount of other equity items, the reduction amount can be transferred back to the undistributed earnings from special reserve.

The Company was in a state of accumulated losses in 2024 and 2023, hence there is no need to disclose dividend information per share.

With regards to the allocation of earnings approved by the Company's board of directors and resolved at the shareholders' meeting, please visit the websites such as the Market Observation Post System (MOPS) for further details.

(4) Other Equity Items

A. Exchange differences on translation of foreign financial statements.

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ (44)	\$ —
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	<u>74</u>	<u>(44)</u>
Ending balance	<u>\$ 30</u>	<u>\$ (44)</u>

The exchange difference arising from the conversion of the net assets of the foreign operating entity from the functional currency to the express currency of the Company is the exchange difference directly recognized as the translation of the financial statements of the foreign operating entity under other comprehensive profit or loss. Exchange differences previously accumulated in the financial statements of foreign operators are reclassified to profit or loss when disposing of foreign operators.

B. Unrealized gain (loss) from financial assets at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ (10,650)	\$ (10,425)
Unrealized gain (loss) from financial assets at fair value through other comprehensive income	<u>(645)</u>	<u>(225)</u>
Ending balance	<u>\$ (11,295)</u>	<u>\$ (10,650)</u>

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profit and loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

12. OPERATING REVENUE

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 204,080	\$ 185,995
Revenue from rendering services	5,485	8,604
	<u>\$ 209,565</u>	<u>\$ 194,599</u>

The relevant information on customers' contractual revenue in 2024 and 2023 are as follows:

(1) Further definition of revenue :

The Company's revenue is further defined based on the categories of main products and regions, please refer to Note 14 for relevant information. The details of the revenue recognition timing are further defined as follows:

	<u>2024</u>	<u>2023</u>
Revenue recognition timing at a point in time	\$ 204,080	\$ 185,995
Over time as progress is made	5,485	8,604
	<u>\$ 209,565</u>	<u>\$ 194,599</u>

(2) Contract balance:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable (note 6(3))	\$ 36,953	\$ 33,415
Contract liability, current		
Sales of goods	<u>\$ 117</u>	<u>\$ 2,530</u>

Changes in contractual liabilities are mainly due to differences between the time of satisfaction of the performance obligation and the point of payment by the customer.

The amount of contract liabilities recognized as income from the beginning of the year was 2,421 thousand and 1,935 thousand in 2024 and 2023 respectively.

(3) Transaction price allocated to unfulfilled obligations:

As of December 31, 2024 and 2023, the Company's customer contracts for sales of goods and provision of services are all shorter than one year, hence there is no need to provide information about unfulfilled contractual obligations.

(4) Assets recognized from the cost of self-acquiring or fulfilling customer contracts:  
None

13. Additional information for Expenses

As of December 31, 2024 and 2023, the Company had 65 and 66 employees, respectively, including 6 directors who were not concurrently employees in both years.

The Company's current net loss includes the following items :

Nature	2024			2023		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee benefit expenses						
Salary	\$ 7,627	\$ 41,881	\$ 49,508	\$ 7,935	\$ 41,958	\$ 49,893
Labor and health insurance	917	3,684	4,601	927	3,837	4,764
Post-Retirement Benefits						
Defined contribution plans	426	2,056	2,482	425	2,106	2,531
Defined benefit plans	(14)	(70)	(84)	(49)	(253)	(302)
Directors' compensation	—	775	775	—	525	525
Other personnel expenses	552	1,818	2,370	355	1,194	1,549
	<u>\$ 9,508</u>	<u>\$ 50,144</u>	<u>\$ 59,652</u>	<u>\$ 9,593</u>	<u>\$ 49,367</u>	<u>\$ 58,960</u>
Depreciation expenses	<u>\$ 781</u>	<u>\$ 3,843</u>	<u>\$ 4,624</u>	<u>\$ 781</u>	<u>\$ 3,813</u>	<u>\$ 4,594</u>

According to the Company Act and the Company's Articles of Association, if the Company makes a profit in the year, it should allocate 5% to 15% for employee compensation and not more than 2% for directors' compensation; employee compensation may be paid to employees of controlled or affiliated companies who meet certain conditions, which are determined by the Board of Directors. However, if the Company still has accumulated losses, it should retain the amount of compensation in advance, and then allocate employee compensation and directors' compensation according to the proportion of the aforementioned item.

The Company was in a deficit state in 2024 and 2023 and has yet to rectify, so the compensation of employees and directors is not assessed.

If there is a significant change in the amount approved ed by the board of directors before the date of the adoption of the parent company only financial statements, the change will be adjusted to the expenses of the original financial period, and if the amount remains changed after the date of the adoption of the annual parent company only financial statements, it will be treated according to the changes in accounting estimates and adjusted and recorded in the following year.

Information on employee and directors' compensation approved by the Board of Directors of the Company and resolved by the shareholders' meeting can be found on websites such as the Market Observation Post System (MOPS).

14. Other gains and losses

	<u>2024</u>	<u>2023</u>
Other gains		
Rental income	\$ 4,489	\$ 4,454
Net exchange gain	334	884
Other income	<u>5,588</u>	<u>5,823</u>
	<u>10,411</u>	<u>11,161</u>
Other loss		
Impairment loss	(6,398)	—
Other expenditure	—	(2)
	<u>(6,398)</u>	<u>(2)</u>
	<u>\$ 4,013</u>	<u>\$ 11,159</u>

15. Income Tax

(1) Main components of income tax expense (benefit) are as follows:

A. Income tax expense (benefit) recognized in profit or loss:

	<u>2024</u>	<u>2023</u>
Current year income tax		
Current period incurred	\$ —	\$ —
Deferred income tax		
Generation and reversal		
of temporary differences	<u>16</u>	<u>130</u>
Income tax expense		
(benefit) recognized in		
profit or loss	<u>\$ 16</u>	<u>\$ 130</u>

B. Income tax recognized in other comprehensive income:

	<u>2024</u>	<u>2023</u>
Deferred income tax		
Remeasurement of		
defined benefit plans	<u>\$ (2,728)</u>	<u>\$ 51</u>

- (2) The adjustment of net loss before tax and income tax expense recognized in profit or loss:

	<u>2024</u>	<u>2023</u>
Income tax expense based on pre-tax income	\$ (13,280)	\$ (13,459)
Permanent differences in income tax effect	2,899	—
Loss carryforward	(77)	2,681
Investment loss recognized through equity method	9,344	10,108
Loss for market price decline and obsolete and slow-moving inventory (Gain from price recovery of inventory)	(143)	800
Realized intercompany sales profit	(2)	(2)
Unrealized intercompany sales (loss) profit	(4)	2
Unrealized impairment loss	<u>1,279</u>	<u>—</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 16</u>	<u>\$ 130</u>

- (3) Income tax assets and liabilities :

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Income tax assets		
Tax refund receivable	<u>\$ 85</u>	<u>\$ 65</u>

- (4) Deferred income tax :

The Company offsets certain deferred income tax assets and liabilities that meet the offsetting conditions. The analysis of deferred income tax assets and liabilities in the parent company only balance sheet is as follows:

<u>January to December of the year 2024</u>	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
Deferred income tax assets				
Unrealized exchange losses	<u>\$ 11</u>	<u>\$ (11)</u>	<u>\$ —</u>	<u>\$ —</u>
Deferred income tax liabilities				
Defined benefit actuarial gains and losses	\$ 2,728	\$ —	\$ (2,728)	\$ —
Unrealized exchange gain	<u>—</u>	<u>5</u>	<u>—</u>	<u>5</u>
	<u>\$ 2,728</u>	<u>\$ 5</u>	<u>\$ (2,728)</u>	<u>\$ 5</u>

January to December of the year 2023	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets				
Unrealized exchange losses	\$ 47	\$ (36)	\$ —	\$ 11
Unrealized sales returns	94	(94)	—	—
	<u>\$ 141</u>	<u>\$ (130)</u>	<u>\$ —</u>	<u>\$ 11</u>
Deferred income tax liabilities				
Defined benefit actuarial gains and losses	\$ 2,677	\$ —	\$ 51	\$ 2,728

- (5) Relevant Information for investment tax credits, deficits offset and tax exemption:

As of December 31, 2024, the Company has no usable tax investment credits.

As of December 31, 2024, the amount of the Company's usable deficits offset was 500,394 thousand, and the last applicable year of offset period is in 2033.

- (6) Income Tax Assessment

As of December 31, 2024, the Company's tax returns through 2022 had been approved by the tax authorities.

## 16. EARNINGS PER SHARE

	2024	2023
Basic earnings per share	<u>\$ (0.72)</u>	<u>\$ (0.74)</u>
Diluted earnings per share	<u>\$ (0.72)</u>	<u>\$ (0.74)</u>

Earnings and weighted average number of ordinary shares used to calculate basic earnings per share:

	2024	2023
Net loss attributable to the owners of the parent Group	<u>\$ (66,418)</u>	<u>\$ (67,426)</u>
Weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share.	<u>91,629</u>	<u>91,629</u>

## 17. Cash Flows Information

### (1) Non-cash transactions:

	2024	2023
Increase in property, plant, and equipment	\$ —	\$ 117
Change in advance payments for equipment	—	(117)
Cash paid for acquisition of property, plant, and equipment	\$ —	\$ —

### (2) Liability adjustments from financing activities :

January to December of the year 2024	Beginning balance	Cash flow	Non-cash changes	
			OTHERS	Ending balance
Lease obligation (current and non-current)	\$ 7,474	\$ (1,846)	\$ —	\$ 5,628
Deposits received	738	—	—	738
Total liability from financing activities	<u>\$ 8,212</u>	<u>\$ (1,846)</u>	<u>\$ —</u>	<u>\$ 6,366</u>

  

January to December of the year 2023	Beginning balance	Cash flow	Non-cash changes	
			OTHERS	Ending balance
Lease obligation (current and non-current)	\$ 5,409	\$ (1,745)	\$ 3,810	\$ 7,474
Deposits received	738	—	—	738
Total liability from financing activities	<u>\$ 6,147</u>	<u>\$ (1,745)</u>	<u>\$ 3,810</u>	<u>\$ 8,212</u>

(VII) Related party transactions

Details of transactions between the Company and related parties are disclosed as follows:

1. Name and relationship of the related parties

<u>Names of Related party</u>	<u>Relationship with the Company</u>
Morelink Technology Corporation (hereinafter as Morelink Tech.)	Subsidiaries
Phoenix Innovative Materials Inc. (hereinafter as Phoenix Materials)	Subsidiaries
Trump Gain Investments Ltd. (hereinafter called Trump Gain Investments)	The directors of the Company
Foresight Energy Technology Co., Ltd. (hereinafter called Foresight Energy)	Associates
Board of directors, supervisors, general manager, deputy general manager	Management team

2. Net operating revenue

	<u>2024</u>	<u>2023</u>
Subsidiaries		
Morelink Technology Corporation	<u>\$ 1,099</u>	<u>\$ 3,388</u>

3. OTHERS

	<u>Item</u>	<u>2024</u>	<u>2023</u>
Subsidiaries			
Phoenix Materials	Rental income	<u>\$ 34</u>	<u>\$ 34</u>
Morelink Technology Corporation	Rental income	<u>\$ 2,932</u>	<u>\$ 2,931</u>
Phoenix Materials	Other income	<u>\$ 4,086</u>	<u>\$ 3,841</u>
Morelink Technology Corporation	Other income	<u>\$ 1,262</u>	<u>\$ 1,250</u>

4. Accounts Receivable and Accounts Payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable		
Subsidiaries		
Morelink Technology Corporation	<u>\$ 49</u>	<u>\$ —</u>
Other receivables:		
Subsidiaries		
Morelink Technology Corporation	<u>\$ 105</u>	<u>\$ 128</u>

5. Increase in Equity

The Company's participation in the capital injection and increase in investments of the related parties is as follows:

Names of Related party	2024				2023			
	Increase in Investment		Shareholding Ratio		Increase in Investment		Shareholding Ratio	
	Number of Shares (in thousands)	Amount	Before Capital Increase	After Capital Increase	Number of Shares (in thousands)	Amount	Before Capital Increase	After Capital Increase
Phoenix Materials	1,980	\$ 19,800	98.75%	98.89%	1,980	\$ 19,800	98.57%	98.75%
Foresight Energy	—	—	—	—	600	15,600	16.39%	9.04%
		<u>\$ 19,800</u>				<u>\$ 35,400</u>		

6. Compensation for main management team

The sum of compensation for directors and other members of the management team are as follows:

	2024	2023
Short-term benefits	\$ 8,031	\$ 7,748
Retirement benefits	11,263	205
	<u>\$ 19,294</u>	<u>\$ 7,953</u>

Please refer to the content of the Annual Report of the Shareholders' Meeting for the detailed information related to the above payroll and compensation for directors and management team.

(VIII) PLEDGED ASSETS

As of December 31, 2024 and 2023, the details of the book value for the Company's assets used as collateral for loans to financial institutions are as follows:

Item	December 31, 2024	December 31, 2023
Land	\$ 62,862	\$ 62,862
Buildings	13,368	14,271
	<u>\$ 76,230</u>	<u>\$ 77,133</u>

(IX) MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS: None.

(X) SINGIFICANT DISASTER LOSS: None.

(XI) SINGIFICANT EVENTS AFTER THE BALANCE SHEET DATE: None.

(XII) OTHERS:

1. Capital Risk Management

The Company conducts capital management to ensure that the companies within the Company are able to maximize shareholder returns by optimizing debt and equity balances before going forward.

The Company's key management reviews the Company's capital structure on a quarterly basis, including consideration of the costs and associated risks of each type of capital. Based on the recommendations of key management, the Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new bonds or repaying old debts.

2. Financial Instruments

(1) Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial Assets</u>		
Financial assets at fair value through other comprehensive income		
Equity investments	\$ 3,705	\$ 4,350
Financial assets measured at amortized cost (Note 1)	133,672	149,160
Total	<u>\$ 137,377</u>	<u>\$ 153,510</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	<u>\$ 38,735</u>	<u>\$ 38,036</u>

Note1. Cash and cash equivalents, financial assets measured at amortized cost, net accounts and notes receivable, other receivables, and deposits.

Note2. Accounts and notes payable, other payables, long-term borrowings, and deposits received measured at amortized cost.

(2) Fair Value Information

A. The definition of the three levels of fair value measurements:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which can be acquired during measurement date;
- (b) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

B. Financial instruments that are not measured at fair value

The Company's management considers that the carrying amount of financial assets and financial liabilities not measured at fair value in the parent company only financial statements is approaching their fair value.

C. Financial instruments that are measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted shares	\$ —	\$ —	\$ 3,705	\$ 3,705
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Unlisted shares	\$ —	\$ —	\$ 4,350	\$ 4,350

There are no transfers of fair value measurements between Level 1 and Level 2 in 2024 and 2023 respectively.

D. Valuation techniques and assumptions used to measure fair value

The fair value of the Company's financial assets and financial liabilities is determined using the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in the active market is determined by reference to market quotations (including listed corporate bonds, government agency bonds, stocks of listed (OTC) companies and government bonds).

The fair value of unlisted (over-the-counter) stocks without active markets is estimated using the market method and asset-based method, and its judgment is based on recent fundraising activities, evaluation of companies of the same type, technological development of the Company, market conditions and other economic indicators.

E. Repetitive Changes in Level 3 of the Fair Value Hierarchy

The repetitive changes in the assets and liabilities of the Company's repetitive fair value measurement that fall into Level 3 of the fair value hierarchy are listed below:

	<u>2024</u>	<u>2023</u>
<b>Equity investments at fair value through other comprehensive income:</b>		
Beginning balance	\$ 4,350	\$ 4,575
Recognized in other comprehensive income	<u>(645)</u>	<u>(225)</u>
Ending balance	<u>\$ 3,705</u>	<u>\$ 4,350</u>

F. Information for Significant Fair Value Level 3 Unobservable Inputs

The assets of the Company's fair value level 3 repetitive fair value measurement, and the significant unobservable input values used for fair value measurement are listed as follows:

December 31, 2024 :

Financial Assets:

Financial assets at fair value through other comprehensive income

	<u>Valuation Techniques</u>	<u>Significant Unobservable Input Value</u>	<u>Quantitative Information</u>	<u>Relationship between Input Value and Fair Value</u>	<u>The value and relationship of the sensitivity analysis between input values and fair values</u>
Stock	Asset-based approach	Lack of market liquidity and similar Group stock P/B ratio	2.36-30.21	The higher the degree of illiquidity, the lower the fair value estimates	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the Company will increase/decrease by 371 thousand dollars.

December 31, 2023 :

Financial Assets:

Financial assets at fair value through other comprehensive income

	<u>Valuation Techniques</u>	<u>Significant Unobservable Input Value</u>	<u>Quantitative Information</u>	<u>Relationship between Input Value and Fair Value</u>	<u>The value and relationship of the sensitivity analysis between input values and fair values</u>
Stock	Asset-based approach	Lack of market liquidity and similar Group stock P/B ratio	2.69-38.36	The higher the degree of illiquidity, the lower the fair value estimates	When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the Company will increase/decrease by 435 thousand dollars.

#### G. The valuation process of Fair Value Level 3

The Company's finance department is responsible for conducting fair value verification, keeping evaluation results close to market conditions through independent source data, confirming that the sources are independent, reliable and consistent with other sources and representing executable prices, and analyzing changes in the value of assets and liabilities that are subject to remeasurement or revaluation at the end of each balance sheet period in accordance with the Company's accounting policies to ensure that the results are reasonable.

#### (3) Financial risk management objectives and policies

The Company is committed to ensuring that the Company has sufficient and cost-effective working capital when necessary. The Company actively manages foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to its operating activities to reduce the potential adverse impact of market uncertainty on the Company's financial performance.

The Company's significant financial plans have been reviewed by the Audit Committee and the Board of Directors in accordance with relevant norms and internal control systems. In implementing the financial plan, the financial department of the Company adheres to the relevant financial operating procedures regarding overall financial risk management and the division of rights and responsibilities.

#### (4) Market Risk

The Company's market risk is the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices, and market risks mainly include exchange rate risk and interest rate risk.

##### A. Foreign Exchange Rates Risk

The Company's operating activities and net investments in foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risk arises. The foreign currency receivables of the Company are in the same currency as some of the foreign currency payments payable, and certain parts will have a natural hedging effect; In addition, the net investment of foreign operating institutions is a strategic investment, so the Company has not hedged the foreign exchange rate risk.

The information of foreign currency assets and liabilities which have significant influence to the Company is as follows:

	In thousands			
	December 31, 2024		December 31, 2023	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate
<b>(Foreign currency: functional currency)</b>				
<u>Financial Assets</u>				
<u>Monetary items</u>				
US dollars: NT dollars	\$	164	32.785	\$ 179 30.705
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
US dollars: NT dollars	\$	67	32.785	\$ 71 30.705
Note: The exchange rate is the amount per unit of foreign currency converted into New Taiwan Dollars				

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on the assets and liabilities of foreign currency risk management at the end of the balance sheet period. When NTD appreciates/depreciates against foreign currencies by 1%, the net loss of the Company in 2024 and 2023 will increase/decrease by 32 thousand and 33 thousand respectively.

#### B. Interest Rate Risk

The Company's short-term borrowings are volatile rate debts, and changes in market interest rates will cause changes in the effective interest rate of short-term borrowings, which in turn will cause future cash flows to fluctuate. As of December 31, 2024 and 2023, the Company had no short-term borrowings in its accounts.

#### (5) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk of the Company is mainly derived from receivables arising from operating activities, bank deposits, fixed income investments and other financial instruments arising from investment activities. Operational-related credit risk and financial credit risk are managed separately.

##### A. Operational related credit risk

In order to maintain the quality of accounts receivable, the Company has established procedures for credit risk management related to operations.

The risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, credit rating of credit rating agencies, the Company's internal credit rating, historical transaction records and current economic conditions. The Company may also use certain credit enhancement tools, such as prepayment and credit insurance, at appropriate times to reduce the credit risk of specific customers.

The Company's customer base is large and unrelated, so the concentration of credit risk is limited. As of December 31, 2024 and 2023, the total accounts receivable of the top ten customers accounted for 70% and 63% of the total accounts receivable of the Company, respectively.

B. Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's finance department. Since the Company's transaction partners and performing parties are banks with good credit and financial institutions with investment grade and above, there are no major performance doubts, so there is no material credit risk.

(6) Liquidity Risk

The Company's objective in managing liquidity risk is to maintain cash and cash equivalents, highly liquid marketable securities and sufficient bank financing facilities to ensure that the Company has sufficient financial flexibility.

The following table summarizes the analysis of the Company's financial liabilities for the agreed repayment period by maturity date and undiscounted maturity amount:

	December 31, 2024				
	1 year or less	2-3 years	4-5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 19,364	\$ —	\$ —	\$ —	\$ 19,364
Other payables	18,633	—	—	—	18,633
Lease liabilities	1,872	3,437	319	—	5,628
	<u>\$ 39,869</u>	<u>\$ 3,437</u>	<u>\$ 319</u>	<u>\$ —</u>	<u>\$ 43,625</u>
	December 31, 2023				
	1 year or less	2-3 years	4-5 years	Over 5 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$ 20,437	\$ —	\$ —	\$ —	\$ 20,437
Other payables	16,861	—	—	—	16,861
Lease liabilities	1,845	3,611	2,018	—	7,474
	<u>\$ 39,143</u>	<u>\$ 3,611</u>	<u>\$ 2,018</u>	<u>\$ —</u>	<u>\$ 44,772</u>

3. Reclassification:

Certain accounts of the Company's financial statements as at December 31, 2023 have been appropriately reclassified in conjunction with the financial statements of December 31, 2024, and the results have no material impact on the presentation of the financial statements.

(XIII) Separately disclosed items

1. Information on significant transactions

- (1) Financing provided to others: None.
- (2) Endorsements/guarantees provided: None.
- (3) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Table 1.
- (4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Trade receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Trading in derivative instruments: None.

2. Information on investees: Please refer to Table 2.

3. Information on investment in Mainland China : None.

4. Information on major shareholder : List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 3.

(XIV) Segment Information:

The Company has disclosed relevant segment information in the consolidated financial statements in accordance with the requirements.

Unifosa Corp.  
 Securities held at the end of period  
 December 31, 2024

Table1.

Unit : Thousand Shares /In Thousands of New Taiwan Dollars

Security Type	Security Name	Relationship between the issuer of the securities and the Company	Accounting item	End of period			
				Shares	Carrying Values	Percentage (%)	Fair Value
Unlisted (OTC) equity investments	Innorich Venture Capital Corp.	—	Financial assets at fair value through other comprehensive income	1,500	3,705	2.80%	3,705

UNIFOSA CORP. AND SUBSIDIARIES

Information on investees

December 31, 2024

Table2.

Unit: In Thousands of New Taiwan Dollars

Investor Group	Name of Investee Company	Location	Main Businesses	Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Investment (loss) gain recognized in current period
				December 31, 2024	December 31, 2023	Number of Shares (in thousands)	Percentage	Carrying Values		
Unifosa Corp.	Foresight Energy Technology Co., Ltd.	Taiwan	Electronic components manufacturing, battery manufacturing, electrical appliance wholesale, electronic materials wholesale and retail	56,586	56,586	4,699	9.04%	48,399	(137,054)	(12,390)
Unifosa Corp.	Phoenix Innovative Materials Inc.	Taiwan	Plastic film and other high-tech chemical materials manufacturing	177,600	157,800	17,760	98.89%	32,496	(18,777)	(18,549)
Unifosa Corp.	Morelink Technology Corporation	Taiwan	Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc.	105,643	105,643	9,556	47.61%	20,986	(31,121)	(15,781)

Unifosa Corp.  
Information on major shareholders  
December 31, 2024

Table3.

Unit : Thousand Shares

Number of shares	Number of Shares Holding	Shareholding Ratio
Name of the major shareholder		
Trump Gain Investments Ltd.	6,026	6.57%

Note1. The major shareholders information in this table is provided by the Taiwan Depository & Clearing Corporation, calculated as of the last business day of the quarter. It includes shareholders who hold more than 5% of the Company's total outstanding common shares and preferred shares that have completed dematerialized registration (including treasury shares). The share capital recorded in the Company's parent company only financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation and calculation.

Unifosa Corp.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount
Cash	Petty cash	\$ 100
Cash in banks	Checking deposits	
	Mega International Commercial Bank Nei Hu Branch #13668	8
	First Commercial Bank Neihu Technology Park Branch #06226	46
	Subtotal	54
	Demand deposit	
	Mega International Commercial Bank Nei Hu Branch #13668	9,404
	Mega International Commercial Bank Nei Hu Branch #13668	7,949
	First Commercial Bank Neihu Technology Park Branch #06226	1,121
	Chang Hwa Bank Chiang Tsui Branch #1086689	2,350
	Taipei Fubon Commercial Bank Hsin-Yi Branch #02250339	3
	Taiwan Cooperative Bank Baociao Branch #704984	27,882
	Subtotal	48,709
	Foreign currency deposit	
	Mega International Commercial Bank Nei Hu Branch (USD 8k at 32.785)	255
	Mega International Commercial Bank Nei Hu Branch (USD 2k at 32.785)	71
	First Commercial Bank Neihu Technology Park Branch (USD 1k at 32.785)	33
	First Commercial Bank Hong Kong Branch (USD 1k at 32.785)	49
	Chang Hwa Bank Chiang Tsui Branch (USD 4k at 32.785)	147
	Taiwan Cooperative Bank Baociao Branch (USD 4k at 32.785)	141
	Subtotal	696
	Time deposits:	
	Mega International Commercial Bank Nei Hu Branch (Nov. 15, 2024 -Jan. 15, 2025, interest rate 1.225%)	10,000
	First Commercial Bank Neihu Technology Park Branch (Nov. 15, 2024-Jan.26, 2025, interest rate 1.225%)	20,000
	Taiwan Cooperative Bank Baociao Branch (Nov. 15, 2024 -Jan. 26,2025, interest rate 1.225%)	10,000
	Subtotal	40,000
		<u>\$ 89,559</u>

Unifosa Corp.  
STATEMENT OF NOTES RECEIVABLE FROM UNRELATED PARTIES, NET  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

Customer name	Description	Amount
C – 128	Operating revenue from unrelated parties	\$ 91
Less: Allowance for bad debts		—
Net		\$ 91

Unifosa Corp.  
STATEMENT OF ACCOUNTS RECEIVABLE FROM UNRELATED PARTIES, NET  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

Customer name	Description	Amount
C – 127	Operating revenue from unrelated parties	\$ 11,715
C – 85	Operating revenue from unrelated parties	2,822
C – 129	Operating revenue from unrelated parties	2,285
Others (all less than 5% of the total balance)	Operating revenue from unrelated parties	20,082
Subtotal		36,904
Less: Allowance for bad debts		—
Net		<u>\$ 36,904</u>

Unifosa Corp.  
STATEMENT OF ACCOUNTS RECEIVABLE FROM RELATED PARTIES, NET  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

<u>Customer name</u>	<u>Description</u>	<u>Amount</u>
Morelink Technology Corporation	Operating revenue from related parties	\$ 49
Less: Allowance for bad debts		—
Net		<u>\$ 49</u>

Unifosa Corp.  
STATEMENT OF INVENTORIES, NET  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

Item	Cost	Net Realizable Value
Merchandise	\$ 10,934	\$ 14,200
Finished goods	1,517	2,213
Semi-finished goods	7,019	7,327
Work-in-process	641	765
Raw Material	3,263	3,318
Net	<u>\$ 23,374</u>	<u>\$ 27,823</u>

Unifosa Corp.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2024

Name	In Thousands of New Taiwan Dollars/Thousand Shares										
	Beginning balance		Addition		Decrease		Ending balance		Accumulated impairment loss	Collateral/pledge	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value			
<u>Domestic unlisted shares</u>											
Innorich Venture Capital Corp.	1,500	\$ 4,350	—	\$ —	—	\$ 645	1,500	\$ 3,705	\$ —	None	

Unifosa Corp.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024

In Thousands of New Taiwan Dollars/Thousand Shares

Name	Beginning balance			Addition		Decrease		Investment gain or loss	The difference between the actual price of acquiring or disposing of a subsidiary's equity and its book value	Exchange differences on translation of foreign financial statements.	Realized sales gain	Ending balance			Collateral/pledge
	Shares	Share-holding Ratio	Amount	Shares	Amount	Shares	Amount					Shares	Share-holding Ratio	Amount	
Foresight Energy Technology Co., Ltd.	4,699	9.04%	\$ 60,715	—	\$ —	—	\$ —	\$ (12,390)	\$ —	\$ 74	\$ —	4,699	9.04%	\$ 48,399	None
Phoenix Innovative Materials Inc.	15,780	98.75%	31,440	1,980	19,800	—	—	(18,549)	(195)	—	—	17,760	98.89%	32,496	None
Morelink Technology Corporation	9,556	47.61%	43,134	—	—	—	—	(15,781)	—	—	31	9,556	47.61%	27,384	None
			<u>\$135,289</u>		<u>\$19,800</u>		<u>\$ —</u>	<u>\$ (46,720)</u>	<u>\$ (195)</u>	<u>\$ 74</u>	<u>\$ 31</u>			<u>\$ 108,279</u>	

Unifosa Corp.

STATEMENT OF CHANGES IN ACCUMULATED IMPAIRMENT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2024

In Thousands of New Taiwan Dollars/Thousand Shares

Name	Beginning balance	Addition	Decrease	Ending balance
Morelink Technology Corporation	\$ —	\$ 6,398	\$ —	\$ 6,398

Unifosa Corp.  
STATEMENT OF OTHER NON-CURRENT ASSETS  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Refundable deposits	Bid bonds and performance bonds, etc.	<u><u>6,960</u></u>

Unifosa Corp.  
STATEMENT OF ACCOUNTS PAYABLE TO UNRELATED PARTIES  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

<u>Customer name</u>	<u>Description</u>	<u>Amount</u>
V-91	Operating expenses to unrelated parties	\$ 6,008
V-66	Operating expenses to unrelated parties	2,087
V-49	Operating expenses to unrelated parties	1,793
V-87	Operating expenses to unrelated parties	1,468
V-92	Operating expenses to unrelated parties	1,358
V-44	Operating expenses to unrelated parties	988
Others (all less than 5% of the total balance)	Operating expenses to unrelated parties	5,662
		<u>\$ 19,364</u>

Unifosa Corp.  
STATEMENT OF OTHER PAYABLES  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount
Accrued Payroll	December payroll and 2024 bonus	\$ 11,330
Professional service fees payable	Audit fees, consulting fees and software services fees	4,111
Accrued Insurance Expense	Estimated amount for labor and health insurance expenses	733
Accrued Labor Pension	Pension expense for employees	610
Accrued Tax	2024 December business tax	739
OTHERS	Utility bills and miscellaneous expense	1,110
		<u>\$ 18,633</u>

Unifosa Corp.  
STATEMENT OF OTHER CURRENT LIABILITIES  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

Item	Description	Amount
Receipts under custody	Withholding labor insurance, health insurance, and labor pension fees	\$ <u>594</u>

Unifosa Corp.  
STATEMENT OF DEPOSITS RECEIVED  
December 31, 2024

Unit: In Thousands of New Taiwan Dollars

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Deposits received	The rental security deposit and other fees collected for leasing office space	<u>\$ 738</u>

Unifosa Corp.  
STATEMENT OF NET OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2024

Unit: In Thousands of New Taiwan Dollars

Item	Quantity	Amount
Memory Business Group :		
Memory Modules	Article 196	\$ 19
Ics	174,720 pieces	6,312
Merchandise	8,000	4,610
		<u>10,941</u>
Storage Business Group :		
RAID - EP Series	254	29,418
Merchandise	4,538	87,301
RAID - Dataplum Series	7	173
Raw Materials and Components	21,086	76,247
OTHERS	3,871	1,099
Total Sales Revenue		194,238
Repair Revenue		4,386
		<u>198,624</u>
Net operating revenue		<u>\$ 209,565</u>

Unifosa Corp.

STATEMENT OF OPERATING COST  
FOR THE YEAR ENDED DECEMBER 31, 2024

Unit: In Thousands of New Taiwan Dollars

Item	Amount
Raw Material	
Beginning inventory	\$ 84,939
Add: Net purchases of raw materials during the period	15,536
Ending inventory	(83,009)
Add: Transferred-in from semi-finished goods	15
Less: Direct sales	(10,685)
Transferred to expenses	(56)
Raw material used during the period	<u>6,740</u>
Semi-finished goods	
Beginning semi-finished goods	26,794
Add: Net purchases of raw materials during the period	37,054
Ending semi-finished goods	(22,344)
Add: Transferred-in from work-in-process	6,935
Less: Direct sales	(32,600)
Transferred to expenses	(4)
Disassembled and transferred to raw material	(15)
Semi-finished goods used during the period	<u>15,820</u>
Direct labor	4,424
Manufacturing overhead	<u>8,045</u>
Manufacturing cost	35,029
Beginning work-in-process	2,368
Ending work-in-process	(641)
Add: Transferred-in from Finished goods	34,471
Less: Disassembled and transferred to semi-finished goods	<u>(6,935)</u>
Cost of finished good	64,292
Beginning Finished goods	122,643
Ending Finished goods	(122,174)
Less: Transferred to work-in-process	(34,471)
Transferred to expenses	<u>(11)</u>
Cost of production and marketing	<u>30,279</u>
Merchandise	
Beginning merchandise	5,383
Add: Net purchases during the period	88,296
Ending merchandise	<u>(11,798)</u>
Cost of procurement and sales	<u>81,881</u>
Service costs	6,744
Cost of direct sales	43,285
Inventory write-down and impairment loss	<u>(714)</u>
OPERATING COSTS	<u><u>\$ 161,475</u></u>

Unifosa Corp.  
STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024

Unit: In Thousands of New Taiwan Dollars

Item	Selling and marketing expenses	General and administrative expenses	Research & development expenses	Total
Payroll expenses	\$ 10,751	\$ 21,405	\$ 11,711	\$ 43,867
Travelling expense	855	506	50	1,411
Repair(s) and maintenance expense	28	343	18	389
Insurance expense	1,218	2,099	1,062	4,379
Depreciation expense	393	3,026	424	3,843
Professional service fees	2,003	3,904	5	5,912
OTHERS	3,120	7,159	2,513	12,792
	<u>\$ 18,368</u>	<u>\$ 38,442</u>	<u>\$ 15,783</u>	<u>\$ 72,593</u>

Please refer to Note 6 (6) in the financial statements for statement of changes in property, plant, and equipment

Please refer to Note 6 (6) in the financial statements for statement of changes in accumulated depreciation of property, plant, and equipment.

Please refer to Note 6 (7) in the financial statements for statement of changes in right-of-use assets.

Please refer to Note 6 (7) in the financial statements for statement of changes in accumulated depreciation of right-of-use assets.

Please refer to Note 6 (15) in the financial statements for statement of deferred income tax assets.

Please refer to Note 6 (14) in the financial statements for statement of other gains and losses.

Unifosa Corp.  
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION DEPLETION AND  
AMORTIZATION BY FUNCTION

Unit: In Thousands of New Taiwan Dollars

Nature	2024			2023		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee benefit expenses						
Salary	\$ 7,627	\$ 41,881	\$ 49,508	\$ 7,935	\$ 41,958	\$ 49,893
Labor and health insurance	917	3,684	4,601	927	3,837	4,764
Post-Retirement Benefits						
Defined contribution plans	426	2,056	2,482	425	2,106	2,531
Defined benefit plans	(14)	(70)	(84)	(49)	(253)	(302)
Directors' compensation	—	775	775	—	525	525
Other personnel expenses	552	1,818	2,370	355	1,194	1,549
	<u>\$ 9,508</u>	<u>\$ 50,144</u>	<u>\$ 59,652</u>	<u>\$ 9,593</u>	<u>\$ 49,367</u>	<u>\$ 58,960</u>
Depreciation expenses	<u>\$ 781</u>	<u>\$ 3,843</u>	<u>\$ 4,624</u>	<u>\$ 781</u>	<u>\$ 3,813</u>	<u>\$ 4,594</u>

Note1. As of December 31, 2024 and 2023, the Company had 65 and 66 employees, respectively, including 6 directors who were not concurrently employees in both years.

Note2. The Company's average employee benefit expenses in 2024 and 2023 were 998 thousand and 974 thousand respectively.

(Sum of employee benefit expenses-sum of compensation for directors) / (number of employees - number of directors who are not concurrently as employees)

Note3. The Company's average employee benefit expenses in 2024 and 2023 were 839 thousand and 832 thousand respectively.

(Total salary expense / "Number of employees - Number of directors who are not concurrently employees").

Note4. The change in the adjustment of average employee payroll was 0.84%.

(the average expense of employee payroll of the current year - the average expense of employee payroll of the previous year) / the average expense of employee payroll of the previous year

Note5. Payroll and Compensation policy

As stated in the Company's Articles of Incorporation, the Company should allocate 5% to 15% as employee compensation if it makes profits in the year. Payroll compensation policy is also clearly stipulated in the 'Payroll Management Guidelines' that year-end bonuses and bonus calculations are determined based on the Company's operating performance in the year. In addition, when implementing annual performance appraisals, the employee performance appraisal system is combined with corporate social responsibility policies, and depending on the Company's operating conditions for the year and comprehensive evaluation of individual salary, allowance, performance appraisal, rewards and disciplinary actions, term of employment and other factors, whether the actual payment is made or not is still flexibly adjusted according to the Company's operating conditions. There is also the 'Employee Reward and disciplinary Guidelines' that offers a basis for employees to follow, so as to establish a clear and effective reward and disciplinary system.