CMC Magnetics Corporation

Parent Company Only Financial Statements and Independent Auditors' Report

Fiscal years 2024 and 2023

(Stock Code: 2323)

Address: 15F, No. 53, Minquan West Road, Zhongshan District, Taipei City

Tel.: (02)2598-9890

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail

CMC Magnetics Corporation

Parent Company Only Financial Statements and Independent Auditors' Report for the Years Ended 2024 and 2023

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Independent Auditors' Report

(114) Financial Review Report No. 24004365

To CMC Magnetics Corporation:

Opinion

We have reviewed the accompanying parent company only balance sheets of CMC Magnetics Corporation (the “Company”) as of December 31, 2024 and 2023 and the relevant parent company only statements of comprehensive income, changes in equity and cash flows for the period from January 1 to December 31, 2024 and 2023, and relevant notes, including a summary of significant accounting policies (collectively referred to as the parent company only financial statements).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows from January 1 to December 31, 2023 are in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers based on our audit results and the audit reports of other certified public accountants (CPAs) (please refer to the section of “Other matters”).

Basis for Audit Opinion

The auditor has conducted the audit work in accordance with the Rules for Auditing Certified Financial Statements and the Auditing Standards of the Republic of China. The auditor's responsibilities under these standards will be further explained in the section on the auditor's responsibility for auditing the individual financial statements. The personnel of the firm to which the auditor belongs, in accordance with the Code of Professional Ethics for Certified Public Accountants of the Republic of China, maintain independence from CMC Magnetics Corporation and fulfill other responsibilities under that code. Based on the auditor's audit findings and the audit reports of other auditors, the auditor believes that sufficient and appropriate audit evidence has been obtained to serve as a basis for expressing the audit opinion.

Key Audit Matters

The key audit matters refer to the matters that, in the professional judgment of the auditor, are of most significance in the audit of the individual financial statements of CMC Magnetics Corporation for the year of 2024. These matters have been addressed in the overall audit of the individual financial statements and in the process of forming the audit opinion. The auditor does not express a separate opinion on these matters.

Key audit matters of the parent company only financial statements of the Company for the year of

2024 are stated as follows:

Accounting estimation of inventory valuation

Description

Refer to Note 4 (13) to the parent company only financial statements for accounting policies regarding inventory valuation; Note 5 (2) for uncertainty of accounting estimates and assumptions regarding inventory valuation; and Note 6 (6) for details of inventory accounting titles.

CMC Magnetics Corporation mainly manufactures and sells optical discs. Due to frequent market price fluctuations in such inventories, there is a higher risk of inventory valuation losses. CMC Magnetics Corporation's inventory holds a significant monetary value and includes many items that require manual judgment for determining obsolescence. Therefore, we have listed the estimate of CMC Magnetics Corporation's allowance for inventory valuation losses as one of the key audit matters for the current year.

Corresponding audit procedures

This matter covers the Company and some of its subsidiaries (investments accounted for using the equity method). Our major audit procedures executed are as follows:

1. Assess the policy adopted for its allowance for valuation loss on its inventories based on the understanding of the Company's operations and the nature of the industry.
2. Test whether the basis for the net realizable value is consistent with the policies set by the Company, and randomly inspect the correctness of the selling prices of individual inventory part numbers and the way the net realized value is calculated.
3. Acquire obsolete inventory details that have been identified and approved by the management, inspect the relevant information and verify it based on the records in the account.

Evaluation of impairment of Property, plant and equipment

Description

For the accounting policies for impairment of Property, plant and equipment and non-financial assets, please refer to Notes 4 (16) and 4 (21) of the parent company only financial statements; for the uncertainty of accounting estimates and assumptions for impairment of Property, plant and equipment, please refer to Note 5 (2) of the parent company only financial statements; for the description of impairment accounting items of Property, plant and equipment and non-financial assets, please refer to Notes 6 (8) and 6 (12) of the parent company only financial statements.

CMC Magnetics Corporation evaluates the recoverable amount of its real property, plant and equipment based on their utility value and the fair value of existing assets, less disposal costs, which serves as the basis for impairment assessment. Since the evaluation of utility value involves judgment by management, any changes in estimates due to changes in economic conditions or company strategies may result in impairment in the future. Therefore, the auditor has identified the impairment assessment of CMC Magnetics Corporation's property, plant and equipment as one of the key audit matters for the current year.

Corresponding audit procedures

This matter covers the Company and some of its subsidiaries (investments accounted for using the equity method). Our major audit procedures executed are as follows:

1. Understand and evaluate whether the Company’s asset impairment assessment procedures and accounting policies are consistent with accounting standards and adopted consistently, including methods used by management to determine the recoverable amount of individual assets.
2. Recalculate relevant amounts to check the correctness of the management's relevant calculations of the recoverable amount of assets with signs of impairment at the balance sheet date.
3. Obtain the evaluation information used by the management to determine the recoverable amount based on the asset usage model and industry characteristics, evaluate and determine the reasonableness of the independent cash flow of the asset group, the useful life of the asset, and the possible future income and expenses.

Other Matters – Audits by other CPAs

The financial statements of the investee companies accounted for using the equity method in the parent company only financial statements of the Company have not been audited by our auditors, but rather by other auditors. Therefore, in our opinion on the aforementioned parent company only financial statements, the amounts presented in the financial statements of those companies are based on the audit reports issued by the other auditors. The investment amounts in the aforementioned companies accounted for using the equity method as of December 31, 2024 and 2023 were NT$872,259 thousand and NT$1,876,364 thousand, respectively, representing 3.51% and 7.79% of the total assets. The comprehensive losses recognized for the aforementioned companies from January 1, 2024 to December 31, 2024 and from January 1, 2023 to December 31, 2023 were NT$66,545 thousand and NT$233,161 thousand, respectively, representing 54.53% and (12.06%) of the total comprehensive income.

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

The responsibilities of the management are to prepare the parent company only financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governance bodies of the Company (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

The purpose of the auditor's examination of the parent company only financial statements is 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 audit report. Reasonable assurance is a high-level 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. Material misstatements may arise from fraud or error. If the individual amounts or total amounts of misstatements are reasonably expected to influence the economic decisions of the users of the parent company only financial statements, they are considered to be material.

The auditor conducted the audit in accordance with the auditing standards of the Republic of China, using professional judgment and skepticism. The auditor also perform the following tasks:

1. Identify and evaluate the significant risks of material misstatement in the parent company only financial statements arising from fraud or error; design and implement appropriate responses to the assessed risks, and obtain sufficient and appropriate audit evidence to serve as a basis for the audit opinion. Due to the possibility of fraud involving collusion, forgery, intentional omission, false representations, or override of internal controls, the risk of material misstatement arising from fraud is higher than that arising from error.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Based on the audit evidence obtained, conclusions are drawn regarding the appropriateness of management's use of the going concern accounting basis and the existence of significant uncertainties that may cast doubt on the ability of the Company to continue operating. If the

auditor determines that such uncertainties exist, they must alert users of the parent company only financial statements in the audit report to the relevant disclosures or modify the audit opinion if the disclosures are deemed inappropriate. The auditor's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may lead to the Company being unable to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including relevant notes), and whether the parent company only financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Company in order to express an opinion on the parent company only financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion in the parent company only financial statements.

The matters communicated between us and the governance bodies include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governance bodies, we have determined the key audit matters for the audit of the Company's parent company only financial statements for the year ended December 31, 2024. The auditor shall disclose such matters in the audit report, unless prohibited by law or in extremely rare circumstances where the auditor determines that the adverse consequences derived from communicating specific matters in the audit report would be reasonably expected to outweigh the public interest

PWC Taiwan

Yu, Shu-Fen

CPA

Wang, Song-Tse

Financial Supervisory Commission
Approval Certificate No. 1030027246
Approval Certificate No. 1110349013

March 13, 2025

CMC Magnetics Corporation
Parent Company Only Balance Sheet
December 31, 2024 and 2023

Unit: NT$ thousands

	Assets	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 1,415,677	6	$ 1,168,756	5
1110	Financial assets at fair value through profit or loss - current	6 (2)	6,981,986	28	5,704,655	24
1136	Financial assets at amortized cost - current	8	4,600	-	-	-
1150	Notes receivable, net	6 (4)	566	-	136	-
1170	Accounts receivable, net	6 (4)(5)	230,833	1	202,518	1
1180	Accounts receivable - related parties, net	7	743,475	3	714,523	3
1200	Other receivables	6 (5)	151,905	1	38,933	-
1210	Other receivables - related parties	7	6,167	-	5,576	-
130X	Inventories	6 (6)	992,441	4	1,029,996	4
1460	Non-current assets held for sale, net	6 (13) and 8	354,713	1	-	-
1470	Other current assets	6 (10)	59,448	-	67,956	-
11XX	**Total current assets**		10,941,811	44	8,933,049	37
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6 (2) and 8	2,257,180	9	2,473,924	10
1517	Financial assets at fair value through other comprehensive income - non-current	6 (3)	146,457	1	217,430	1
1535	Financial assets at amortized cost - non-current	8	2,400	-	10,111	-
1550	Investments accounted for using the equity method	6 (7) and 7	7,731,523	31	8,031,382	33
1600	Property, plant and equipment	6 (8)(12) and 8	2,381,527	9	3,178,005	13
1755	Right-of-use assets	6 (9)	1,298	-	19,912	-
1760	Investment properties, net	6 (11) and 8	783,253	3	595,352	3
1780	Intangible assets	6 (12)	4,606	-	10,352	-
1840	Deferred income tax assets	6 (30)	144,340	1	147,999	1
1900	Other non-current assets	6 (10)(12)(14)(19) and 7	475,414	2	473,552	2
15XX	**Total non-current assets**		13,927,998	56	15,158,019	63
1XXX	**Total assets**		$ 24,869,809	100	$ 24,091,068	100

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CMC Magnetics Corporation
Parent Company Only Balance Sheet
December 31, 2024 and 2023

Unit: NT$ thousands

	Liabilities and equity	Notes	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities					
2100	Short-term borrowings	6 (15)	$ 910,000	4	$ 450,000	2
2110	Short-term notes payable	6 (16)	100,000	-	-	-
2120	Financial liabilities at fair value through profit or loss- current	6 (17)	313	-	648	-
2130	Contract liabilities – current	6 (24)	51,812	-	56,169	-
2150	Notes payable		1,625	-	28,982	-
2170	Accounts payable		285,174	1	300,673	1
2180	Accounts payable - related parties	7	-	-	96	-
2200	Other payables		434,359	2	339,846	1
2220	Other payables - related parties	7	478,495	2	350,430	2
2230	Current tax liabilities		28,977	-	-	-
2280	Lease liabilities - current		9,339	-	9,232	-
2320	Long-term liabilities due within one year or one operating cycle	6 (18) and 8	1,198,000	5	925,000	4
2399	Other current liabilities - others		1,417	-	3,057	-
21XX	**Total current liabilities**		3,499,511	14	2,464,133	10
	Non-current liabilities					
2540	Long-term borrowings	6 (18) and 8	3,595,000	15	3,020,000	13
2570	Deferred income tax liabilities	6 (30)	41,078	-	25,666	-
2580	Lease liabilities - non-current		46,159	-	54,192	-
2600	Other non-current liabilities	6 (19)	6,724	-	47,174	-
25XX	**Total non-current liabilities**		3,688,961	15	3,147,032	13
2XXX	**Total liabilities**		7,188,472	29	5,611,165	23
	Equity					
	Share capital	6 (20)				
3110	Common stock		10,893,483	44	10,893,483	45
	Capital surplus	6 (21)				
3200	Capital surplus		6,784,731	27	6,720,506	28
	Retained earnings	6 (22)				
3310	Legal reserve		114,221	-	47,735	-
3320	Special reserve		102,468	-	255,790	1
3350	Retained earnings (Accumulated deficits)		(246,493)	(1)	664,857	3
	Other equity					
3400	Other equity	6 (23)	32,927	1	(102,468)	-
3XXX	**Total equity**		17,681,337	71	18,479,903	77
	Significant contingent liabilities and unrecognized contractual commitments	6 (18), 7 and 9				
	Material events after the balance sheet date	6 (22) and 11				
3X2X	**Total liabilities and equity**		$ 24,869,809	100	$ 24,091,068	100

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen Manager: Sekiyama Takayuki Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation
Parent Company Only Statements of Comprehensive Income
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands
(excluding earnings (loss) per share of NT$)

	Items	Notes	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenue	6 (24) and 7	$ 2,739,059	100	$ 3,054,699	100
5000	Operating costs	6 (6)(29) and 7	(2,251,941)	(82)	(2,523,524)	(82)
5900	Gross operating profit		487,118	18	531,175	18
5910	Unrealized sales gains		(139,189)	(5)	(140,847)	(5)
5920	Realized sales gains		140,847	5	114,343	4
5950	Gross operating profit, net		488,776	18	504,671	17
	Operating expenses	6 (29)				
6100	Selling and marketing expenses	7	(133,998)	(5)	(212,360)	(7)
6200	Administrative expenses	7	(143,326)	(5)	(144,288)	(5)
6300	Research and development expenses	7	(345,061)	(13)	(258,248)	(8)
6450	Expected credit loss	12 (2)	(22,181)	(1)	(22,589)	(1)
6000	Total operating expenses		(644,566)	(24)	(637,485)	(21)
6900	Operating losses		(155,790)	(6)	(132,814)	(4)
	Non-operating income and expenses					
7100	Interest revenue	6 (25)	8,829	1	5,850	-
7010	Other income	6 (2)(3) (26) and 7	373,977	14	849,279	28
7020	Other gains and losses	6 (2)(17) (27)	85,588	3	813,258	27
7050	Finance costs	6 (28)	(109,398)	(4)	(87,270)	(3)
7070	Share of profit (loss) on subsidiaries, associates, and joint ventures accounted for using equity method		(458,796)	(17)	318,552	10
7000	Total non-operating income and expenses		(99,800)	(3)	1,899,669	62
7900	**Net income (loss) before tax**		(255,590)	(9)	1,766,855	58
7950	Income tax expense	6 (30)	(34,513)	(1)	(16,617)	(1)
8200	**Net profit (loss)**		($ 290,103)	(10)	$ 1,750,238	57
	Other comprehensive income (net)					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6 (19)	$ 41,530	1	($ 2,903)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6 (3)(23)	(70,973)	(3)	164,187	5
8330	Share of other comprehensive income on subsidiaries, associates, and joint ventures accounted for using the equity method – not reclassified to profit or loss		(11,103)	-	(9,095)	-
8349	Income tax related to items that will not be reclassified	6 (30)	(8,306)	-	580	-
8310	Sum of items that will not be reclassified to profit or loss		(48,852)	(2)	152,769	5
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating the financial statements of foreign operations	6 (23)	216,702	8	29,960	1
8380	Share of other comprehensive income on subsidiaries, associates, and joint ventures accounted for using the equity method – may be reclassified to profit or loss	6 (23)	219	-	428	-
8360	Sum of items that may be reclassified subsequently to profit or loss		216,921	8	30,388	1
8300	**Other comprehensive income (net)**		$ 168,069	6	$ 183,157	6
8500	**Total comprehensive income for the current period**		($ 122,034)	(4)	$ 1,933,395	63
	Earnings (Losses) per share	6 (30)				
9750	Basic earnings (losses) per share		($ 0.27)		$ 1.61	
9850	Diluted earnings (losses) per share		($ 0.27)		$ 1.61	

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen   Manager: Sekiyama Takayuki   Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation
Parent Company Only Statements of Changes in Equity
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

				Retained earnings			Other equity		
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (losses to be compensated)	Exchange differences on translating the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
2023									
Balance as of January 1, 2023		$ 10,893,483	$ 6,714,779	$ 47,735	$ 255,790	($ 1,048,420)	($ 113,253)	($ 209,333)	$ 16,540,781
Net profit		-	-	-	-	1,750,238	-	-	1,750,238
Other comprehensive income (loss) for the current period	6 (23)	-	-	-	-	(1,278)	30,388	154,047	183,157
Total comprehensive income for the current period		-	-	-	-	1,748,960	30,388	154,047	1,933,395
Disposal of equity instruments measured at fair value through other comprehensive income	6 (3)(23)	-	-	-	-	(35,683)	-	35,683	-
Difference between the equity price of subsidiary actually acquired or disposed of and the book value	6 (21)	-	5,723	-	-	-	-	-	5,723
Changes in ownership interests in subsidiaries	6 (21)	-	4	-	-	-	-	-	4
Balance as of December 31, 2023		$ 10,893,483	$ 6,720,506	$ 47,735	$ 255,790	$ 664,857	($ 82,865)	($ 19,603)	$ 18,479,903
2024									
Balance as of January 1, 2024		$ 10,893,483	$ 6,720,506	$ 47,735	$ 255,790	$ 664,857	($ 82,865)	($ 19,603)	$ 18,479,903
Net loss		-	-	-	-	(290,103)	-	-	(290,103)
Other comprehensive income (loss) for the current period	6 (23)	-	-	-	-	34,176	216,921	(83,028)	168,069
Total comprehensive income for the current period		-	-	-	-	(255,927)	216,921	(83,028)	(122,034)
Appropriation of earnings for 2023:	6 (22)								
Legal reserve		-	-	66,486	-	(66,486)	-	-	-
Special reserve		-	-	-	(153,322)	153,322	-	-	-
Cash dividends		-	-	-	-	(740,757)	-	-	(740,757)
Disposal of equity instruments measured at fair value through other comprehensive income	6 (23)	-	-	-	-	(1,502)	-	1,502	-
Difference between the equity price of subsidiary actually acquired or disposed of and the book value	6 (21)	-	64,225	-	-	-	-	-	64,225
Balance as of December 31, 2024		$ 10,893,483	$ 6,784,731	$ 114,221	$ 102,468	($ 246,493)	$ 134,056	($ 101,129)	$ 17,681,337

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen　　Manager: Sekiyama Takayuki　　Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation
Parent Company Only Statements of Cash Flows
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
Cash flows from operating activities			
Net profit (loss) for the current period		($ 255,590)	$ 1,766,855
Adjustments			
Adjustments for			
Depreciation expenses	6 (8)(9)(29)	299,941	313,368
Amortization expenses	6 (29)	15,675	38,797
Depreciation expenses of investment properties (listed in other gains and losses)	6 (11)(27)	30,241	21,692
Expected credit loss	12 (2)	22,181	22,589
Net gains on financial assets and liabilities at fair value through profit and loss	6 (27)	(88,599)	(835,490)
Interest expenses	6 (28)	109,398	87,270
Interest revenue	6 (25)	(8,829)	(5,850)
Dividend income	6 (26)	(304,332)	(779,008)
Share of profit (loss) on subsidiaries, associates, and joint ventures accounted for using equity method		458,796	(318,552)
Gains on disposal of Property, plant and equipment	6 (27)	(532)	(654)
Loss on sublease of right-of-use assets	6 (10)(27)	1,797	-
Non-financial asset impairment losses	6 (8)(12)(27)	23,100	-
Realized gains between associates		(140,847)	(114,343)
Unrealized gains between associates		139,189	140,847
Changes in assets/liabilities related to operating activities			
Net changes in operating assets			
Financial assets mandatorily at fair value through profit or loss		(928,806)	(1,389,462)
Notes receivable (including related and non-related parties)		(434)	95
Accounts receivable (including related and non-related parties)		(63,765)	253,421
Other receivables (including related and non-related parties)		3,412	(8,148)
Inventories		37,555	310,694
Other current assets		2,744	3,989
Net defined benefit assets		5,572	-
Net changes in operating liabilities			
Financial liabilities at fair value through profit or loss		(17,944)	(19,315)
Contract liabilities		(4,357)	(28,256)
Notes and accounts payable (including related and non-related parties)		(42,952)	(4,375)
Other payables (including related and non-related parties)		(27,909)	19,830
Other current liabilities		(1,460)	2,279
Net defined benefit liabilities		-	(9,638)
Cash outflow from operating activities		(736,755)	(531,365)
Interest received		8,561	5,829
Dividends received		390,132	778,768
Interest paid		(108,155)	(87,067)
Income tax paid		(1,082)	(391)
Net cash inflow (outflow) from operating activities		(447,299)	165,774

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CMC Magnetics Corporation
Parent Company Only Statements of Cash Flows
From January 1st to December 31st of 2024 and 2023

Unit: NT$ thousands

	Notes	January 1 to December 31, 2024	January 1 to December 31, 2023
Cash flows from investing activities			
Decrease in receivable financing lease payments (listed under other current assets)		$ 7,607	$ 5,706
Proceeds from acquisition of financial assets mandatorily at fair value through profit or loss		(30,000)	(51,000)
Proceeds from acquisition of financial assets at amortized cost		(34,418)	(10,111)
Proceeds from disposal of financial assets at amortized cost		37,529	2,400
Proceeds from acquisition of investments accounted for using equity method	6 (32)	(30,752)	-
Proceeds from disposal of investments accounted for using the equity method		65,755	8,047
Proceeds from acquisition of Property, plant and equipment	6 (32)	(107,627)	(77,603)
Proceeds from disposal of Property, plant and equipment		551	8,502
Proceeds from acquisition of investment property		(316)	-
Proceeds from acquisition of intangible assets	6 (32)	(6,361)	(4,852)
Decrease in refundable deposits (listed in other non-current assets)		21	1,500
Decrease (Increase) in other non-current assets		(11,530)	2,334
Net cash outflow from investing activities		(109,541)	(115,077)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	6 (33)	460,000	(100,000)
Increase (Decrease) in short-term notes payable	6 (33)	100,000	(50,000)
Increase in funds payable to related parties		146,839	52,019
Long-term borrowings taking place for current period	6 (33)	3,555,000	3,600,000
Repayment of long-term borrowings for current period	6 (33)	(2,707,000)	(3,565,000)
Repayment of principal of lease liabilities	6 (9)(33)	(10,523)	(10,409)
Increase in deposits received		202	237
Cash dividends distributed	6 (22)	(740,757)	-
Net cash inflow (outflow) from financing activities		803,761	(73,153)
Increase (decrease) in cash and cash equivalents for current period		246,921	(22,456)
Cash and cash equivalents, beginning of period		1,168,756	1,191,212
Cash and cash equivalents, end of period		$ 1,415,677	$ 1,168,756

The notes attached are part of the Parent Company Only Financial Statements, and shall be read together.

Chairman: Wong, Ming-Sen　　Manager: Sekiyama Takayuki　　Accounting Supervisor: Lee, Yung-Chih

CMC Magnetics Corporation
Notes to Parent Company Only Financial Statements
Fiscal years 2024 and 2023

Unit: NT$ thousands
(Unless specified otherwise)

1. Company History

CMC Magnetics Corporation (hereinafter referred to as "the Company") was established in the Republic of China and is primarily engaged in the manufacturing and sales of consumer electronic products such as optical discs. The Company's stock has been listed on the Taiwan Stock Exchange since February 17, 1992.

2. Date and Procedure for Approval of Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 13, 2025 for release.

3. Application of New and Amended Standards and Interpretations

a. Effect of the adoption of new issuance of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2024:

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

The standards and interpretations above have no significant impact on the Company's parent company only financial position and financial performance based on the Company's reasonable assessment.

b. Effect of the new issuance of or amendments to IFRSs as endorsed by the FSC, but not yet adopted

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2025:

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

The standards and interpretations above have no significant impact on the Company's parent company only financial position and financial performance based on the Company's reasonable assessment.

c. <u>Effects of IFRSs issued by IASB, but not yet endorsed by the FSC</u>

The following table sets out the criteria and explanations for the new releases, amendments and revisions of the IFRSs that have been published by the IASB, but not yet endorsed by the FSC:

New, Revised, and Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IAS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
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 the 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 in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRS Accounting Standards — Volume 11	January 1, 2026

The Company has assessed that the standards and interpretations above have no significant influence on the Company's parent company only financial position and financial performance, except as those indicated below:

1) Amendments to IFRS 9 and IAS 7 "Amendments to the Classification and Measurement of Financial Instruments"

   Updates through irrevocable election designate equity instruments measured at fair value through other comprehensive income (FVOCI) to disclose their fair value by each category, without the need to disclose fair value information for each underlying asset. Additionally, during the reporting period, it is essential to disclose the amounts of fair value gains and losses recognized in other comprehensive income. This disclosure should separately present the fair value gains and losses related to investments that were derecognized during the reporting period, as well as those related to investments still held at the end of the reporting period. Furthermore, it should include the accumulated gains and losses transferred to equity from investments derecognized during the reporting period.

2) IFRS 18 "Presentation and Disclosure in Financial Statements"

   IFRS 18 "Presentation and Disclosure in Financial Statements," supersedes IAS 1, updates the structure of the Statement of Comprehensive Income, introduces new disclosures for measuring management performance, and reinforces the principles of aggregation and disaggregation applied to the primary financial statements and accompanying notes.

4. Summary of Significant Accounting Policies

The main accounting policies adopted in the preparation of this parent company only financial statements are described as follows. Unless otherwise stated, these policies are consistently applied throughout the reporting period.

a. Statement of compliance

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

b. Basis of preparation

1) Except for the following significant items, the parent company only financial statements have been prepared on the historical cost basis:
   a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   b) Financial assets at fair value through other comprehensive income.
   c) Defined benefit assets and liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2) The preparation of parent company only financial statements has been in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers, requiring the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

c. Foreign currency translation

The items listed in the Company's parent company only financial statements are measured in the currency of the main economic environment in which the Company operates (i.e. functional currency). The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollars.

1) Foreign currency transactions and balances
   a) Foreign currency transactions are converted into the functional currency using the spot exchange rate on the transaction date or measurement date. Any exchange differences arising from these transactions are recognized in the current period's income statement.
   b) Balances of monetary assets and liabilities denominated in foreign currencies are adjusted at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from such adjustments are recognized in profit or loss.
   c) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss, are translated at the exchange rates prevailing at the balance sheet date, where their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies measured at fair value through other comprehensive income are translated at the exchange rates prevailing at the balance sheet date, where their translation differences are recognized in other comprehensive

income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the initial transaction dates.

d) All other foreign exchange gains or losses based on the nature of the transactions are presented in the statement of comprehensive income in the category of "other gains and losses."

2) Translation of foreign operations

a) The operating results and financial positions of all the Company's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of the period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

b) When the foreign entity partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. However, if the Company still retains partial equity in the former affiliated enterprise but has lost significant influence over the foreign operating entity, the entire equity of the foreign operating entity will be treated as disposed of.

c) When the foreign operation that is partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests of the foreign operation. However, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such a transaction shall be accounted for as disposal of all interest in the foreign operation.

d. <u>Classification of Current and Non-current Assets and Liabilities</u>

1) Assets that meet one of the following criteria are classified as current assets:

a) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
b) Assets held primarily for the purpose of trading.
c) Assets that are expected to be realized within twelve months from the balance sheet date.
d) Cash or cash equivalents, excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

The Company classifies assets not meeting the aforesaid criteria into non-current assets.

2) Liabilities that meet one of the following criteria are classified as current liabilities:

a) Liabilities that are expected to be settled within the normal operating cycle.
b) Liabilities held primarily for the purpose of trading.
c) Liabilities that are expected to be settled within 12 months after the balance sheet date.
d) Liabilities that do not possess the right to defer settlement of liabilities for at least twelve months after the reporting period.

The Company classifies liabilities not meeting the aforesaid criteria into non-current liabilities.

e. Cash equivalents

Cash equivalents refer to investments that are short-term, highly liquid, subject to a low risk of changes in value, and readily convertible to a known amount of cash. Time deposits which satisfy the above definition and for which the objective of holding is to meet the short-term operating cash commitments are classified as cash equivalents.

f. Financial assets at fair value through profit or loss (FVTPL)

1) Financial assets that are not measured at amortized cost or at fair value through other comprehensive income (FVTOCI).
2) Regular way purchases and sales of financial assets at FVTPL are accounted for on the trade date.
3) The Company's initial recognition is on a fair value basis, with relevant transaction costs recognized in profit or loss, and subsequently to fair value, and gains or losses are recognized in profit or loss.
4) When the right to receive dividends is established, the future economic benefits related to dividends may flow to the Company, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

g. Financial assets at FVTOCI

1) Refers to the irrevocable election made at initial recognition that allows the Company to present fair value changes of equity investment not held for trading in other comprehensive income.
2) The Company's financial assets measured at FVTOCI in accordance with trading conventions, are accounted for on the trade date.
3) At initial recognition, the Company measures the financial assets at fair value plus transaction costs, and subsequently measures the financial assets at fair value:

Fair value changes of equity instruments are recognized in other comprehensive income. Upon derecognition, the accumulated gains or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss, but transferred to retained earnings. When the right to receive dividends is established, the future economic benefits related to dividends may flow to the Company, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

h. Financial assets at amortized cost

1) Financial assets at amortized cost are those that meet all of the following criteria:
   a) The objective of the Company's business model is achieved by collecting contractual cash flows.
   b) The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal outstanding.
2) The Company accounts for financial assets measured at amortized cost, which are in line with trade practices on the trade day.
3) At initial recognition, the Company measures the financial assets at fair value plus

transaction costs, and subsequently adopts the effective interest method to recognize said assets as interest revenue and as impairment loss during the outstanding period according to the amortization procedure. During derecognition, the gains or losses are recognized in the profit or loss.

4) The Company’s time deposits which do not meet the condition of cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

i. <u>Accounts receivable and notes receivable</u>

1) Account receivable and notes receivable are accounts and notes of which the contractual right to consideration for goods sold or services rendered is unconditional.
2) These include interest-free short-term trade and notes receivables, where the effect of discounting is not material, and the Company measures the receivable by the original invoice amount.
3) The Company’s operating pattern of trade receivable that are expected to be factored is for the purpose of selling, and the trade receivable are subsequently measured at fair value, with any changes in fair value, recognized in profit or loss.

j. <u>Impairment of financial assets</u>

The Company, at each balance sheet date, considers all reasonable and corroborative information (including forward- looking one) based on the financial assets measured at amortized cost. For those with no significant increase in credit risk since initial recognition, the loss allowance is measured at 12-month expected credit losses; for those with a significant increase in credit risk since initial recognition, the loss allowance is measured at the lifetime expected credit losses. For trade receivable that does not contain significant financial components, the loss allowance is measured at the lifetime expected credit losses.

k. <u>Derecognition of financial assets</u>

The Company derecognizes a financial asset when one of the following conditions is met:

1) The contractual rights to receive the cash flows from the financial asset expire.
2) The contractual rights to receive cash flows of the financial asset have been transferred, and substantially all risks and rewards of ownership of the financial asset have been transferred.

l. <u>Lease Transactions of the Lessor - Accounts Receivable from Leases/Operating Leases</u>

1) According to the conditions of the lease agreement, when almost all risks and rewards of ownership are assumed by the lessee, it is classified as a finance lease.
    a) At the commencement of the lease, the total lease investment amount (including the original direct costs) is recognized as "accounts receivable from leases", and the difference between the total accounts receivable from leases and the present value is recognized as "unearned financing income from finance leases".
    b) Subsequently, the financing income will be allocated over the lease term on a systematic and reasonable basis to reflect the lessor's fixed rate of return on net investment in the lease.
    c) Lease payments related to the period (excluding service costs) are deducted from the total lease investment to reduce principal and unearned financing income.

2) Rental income from operating leases is recognized as current period profit or loss on a straight-line basis over the lease term.

m. Inventories

Inventories are measured at cost or net realizable value, whichever is lower. The cost is calculated using the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated based on normal production capacity), but does not include borrowing costs. When comparing cost and net realizable value, the item-by-item comparison method is used, where net realizable value refers to the estimated selling price during normal business operations minus the estimated costs still to be incurred to complete the product and the estimated costs required to sell the product.

n. Non-current assets held for sale

When the carrying amount of a non-current asset is mainly recovered through a sale transaction rather than continuing use, and it is highly likely to be sold, it is classified as an asset held for sale and measured at the lower of its carrying amount or fair value less the cost of sale.

o. Investments accounted for using the equity method/subsidiaries and associates

1) A subsidiary refers to an entity under the control of the Company. When the Company is exposed to variable returns from the participation in the entity or is entitled to said variable returns, and has the ability to affect such returns through its power over the entity, the Company controls the entity.

2) The unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary and are consistent with the policies adopted by the Company.

3) The Company recognizes the profit or loss attributable to the subsidiary as current profit or loss, and recognizes the other comprehensive income attributable to the subsidiary as other comprehensive income. If the Company's recognized loss attributable to the subsidiary equals or exceeds the equity in the subsidiary, the Company continues to recognize the loss based on its ownership percentage.

4) If changes in the shareholding of a subsidiary do not result in loss of control (and are not transactions involving non-controlling interests), they are treated as equity transactions, meaning they are considered transactions between the owners. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity.

5) When the Company loses control over a subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and recognized as the fair value of the original recognized financial asset or the cost of the original recognized investment in an associated enterprise or joint venture. The difference between fair value and carrying amount is recognized in the current period's income. For all amounts previously recognized in other comprehensive income related to the subsidiary, the accounting treatment is the same as when the Company directly disposes of the related assets or liabilities, i.e. if the previously recognized benefit or loss was recognized in other comprehensive income, it will be reclassified to income when disposing of the related assets or liabilities. Therefore, when

control over a subsidiary is lost, the benefit or loss will be reclassified from equity to income.

6) Associates refer to entities that have a significant influence on the Company without control, usually through direct or indirect ownership of more than 20% of the voting rights. The Company accounts for investments in associated companies using the equity method, recognizing them at cost upon acquisition.

7) The Company recognizes the profit or loss share of the affiliated enterprises acquired as current profit or loss, and the other comprehensive income share acquired as other comprehensive income. If the Company's loss share in any affiliated enterprise equals or exceeds its equity in that affiliated enterprise (including any other unsecured receivables), the Company does not recognize any further losses, unless the Company has incurred legal obligations, presumed obligations, or has made payments on behalf of the affiliated enterprise.

8) When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the change in ownership interests in the associate in "capital surplus" in proportion to its ownership.

9) The unrealized gains and losses arising from transactions between the Company and its affiliated enterprises have been eliminated in proportion to their equity interests in the affiliated enterprises. Unrealized losses are also eliminated unless evidence indicates impairment of the assets transferred in the transactions. The accounting policies of the affiliated enterprises have been adjusted as necessary and are consistent with those adopted by the Company.

10) When an associated company issues new shares, if the Company does not subscribe or acquire them in proportion, resulting in a significant impact on our investment ratio, the adjustment to the net equity of the shares is made in the "capital surplus" and "investment accounted for using the equity method". If the decrease in the investment ratio leads to a decrease in the ownership equity related to previously recognized gains or losses in other comprehensive income, and those gains or losses need to be reclassified to income when disposing of related assets or liabilities, they should be reclassified to income based on the decrease in the ratio.

11) Upon loss of significant influence over an associate, the Company shall remeasure the remaining investment retained in the former associate at its fair value. Any difference between the fair value and the carrying amount is recognized in profit or loss for the period.

12) When the Company disposes of an associated enterprise and loses significant influence over it, the accounting treatment for all amounts previously recognized in other comprehensive income related to that associated enterprise will be the same as if the Company were directly disposing of the related assets or liabilities. In other words, if profits or losses previously recognized in other comprehensive income are reclassified as gains or losses upon disposal of related assets or liabilities, then when significant influence over the associated enterprise is lost, those profits or losses will be reclassified from equity to income. If the Company still has significant influence over the associated enterprise, the amounts previously recognized in other comprehensive income will only be

proportionately transferred out according to the above method.

13) When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, said amounts are transferred to profit or loss in proportion to the percentage of disposal.

14) In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit or loss and other comprehensive income in the parent company only financial statements shall be the same as those attributable to the owners of the parent company in the financial statements prepared on a consolidated basis. The owners' equity in the parent company only financial statements shall be the same as the equity attributable to owners of the parent company in the financial statements prepared on a consolidated basis.

p. Property, plant and equipment

1) Property, plant and equipment are initially recognized in cost. Borrowing costs incurred during the construction period are capitalized.

2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The book value of the reset portion should be excluded. All other maintenance expenses are recognized as current expenses when incurred.

3) Property, plant and equipment are measured using the cost model. Depreciation is not recorded for land, but is calculated using the straight-line method based on the estimated useful life for other assets. If the components of property, plant and equipment are significant, depreciation is recorded separately.

4) The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors," from the date of the change. Useful lives of property, plant and equipment are as follows:

Buildings and structures	2–50 years
Machinery and equipment	2–11 years
Others	2–5 years

q. Lease transactions with lessees—right-of-use assets / lease liabilities

1) Leased assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company. When a lease contract is classified as a short-term lease or involves assets with low value, lease payments are recognized as expenses over the lease term using the straight-line method.

2) Lease liabilities are recognized on the lease commencement date at the present value of

lease payments not yet paid, discounted at the incremental borrowing rate of the Company. Lease payments are fixed payments, excluding any lease incentives receivable. Subsequently, the interest method is used to measure the lease liabilities at amortized cost. Interest expense is recognized over the lease term. When changes in lease term or lease payments are not due to contract modifications, the lease liabilities are reassessed, and the right-of-use assets are adjusted for the re-measurement amount.

3) The right-of-use asset is recognized at cost at the lease commencement date. The cost comprises:

a) The originally measured amount of lease liabilities;

b) Lease payments made at or before the commencement of the lease; and

c) Any original direct costs incurred.

Any depreciation expense shall be recognized when the useful life of the right-of-use asset or the lease term expires, whichever is earlier, based on the subsequent cost model. Any re-measurement amount of the lease liability shall adjust the right-of-use asset upon revaluation of the lease liability.

r. Investment property

Investment properties are recognized at cost and subsequently measured using the cost model. Depreciation is provided on a straight-line basis over the estimated useful lives, ranging from 5 to 50 years, for all investment properties except land.

s. Intangible assets

1) Trademark and patent rights

The cost of separately acquired trademarks and patents is recognized as an acquisition cost. The trademarks and patents acquired through business mergers are recognized at their fair value on the acquisition date. Trademarks and patents are finite-lived assets and are amortized over the remaining useful life of 4 to 10 years using the straight-line method.

2) Computer software is recognized at the cost of acquisition and amortized by the straight line method based on the estimated useful life of one year.

t. Other assets - office ornaments (listed in other non-current assets)

Antiques purchased, such as oil paintings and sculptures displayed in the company, are recognized at the cost of acquisition, and is not depreciated; however, the cost will be written off when the actual disposal is carried out.

u. Impairment of non-financial assets

1) On the balance sheet date, the Company estimates the recoverable amount of assets with impairment indicators. When the recoverable amount is lower than the carrying value, an impairment loss is recognized. The recoverable amount refers to the higher of the fair value less disposal costs or the value in use of an asset. Except for goodwill, when the circumstances that led to the recognition of asset impairment in previous years no longer exist or have decreased, the impairment loss is reversed. However, the increase in the carrying amount of the asset resulting from the reversal of the impairment loss does not exceed the asset's carrying amount after deducting depreciation or amortization if no impairment loss had been recognized.

2) Goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be periodically assessed for their recoverable amounts.

When the recoverable amount is lower than their carrying value, impairment losses are recognized. Impairment losses on goodwill are not reversed in subsequent years.

3) For impairment testing purposes, goodwill is allocated to cash-generating units. This allocation is based on the identification by operating segments, distributing goodwill to cash-generating units or groups of cash-generating units expected to benefit from the entity generating the goodwill.

v. Borrowings

1) Borrowings comprise long-term and short-term borrowings from banks. When the initial recognition of the Company's borrowings is based on its fair value less transaction cost, for any subsequent difference between the price and redemption value after deducting transaction costs, interest expenses are recognized by the effective interest method during the outstanding period in profit or loss.

2) Fees paid on the establishment of borrowing facilities are recognized as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. When there is no evidence of the possibility that some or all the facility will be drawn down, the fee is recognized as a prepayment and amortized over the period of the facility to which it relates.

w. Accounts and notes payable

1) Account and notes payable refer to the debts incurred by purchase of raw materials, goods, or services on credit, and the notes payable incurred from both operating and non-operating activities.

2) The non-interest-bearing short-term notes and accounts payable are measured at initial invoice amount as the effect of discounting is immaterial.

x. Derecognition of financial liabilities

The Company derecognizes a financial liability when the obligation under the contract is performed, canceled, or expires.

y. Offsetting of financial assets and liabilities

The financial assets and liabilities may be offset and the net amount is presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts of the financial assets and liabilities and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

z. Non-hedging derivatives

Non-hedging derivatives are initially measured at the fair value on the date when a contract is signed and recognized as financial assets or liabilities at FVTPL. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss.

aa. Employee benefits

1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and shall be recognized as expense in the period when the employees render service.

2) Pension

a) Defined contribution plans

For defined contribution plans, the amount of pension funds that shall be allocated is recognized as the pension cost of the current period based on the occurrence of rights and responsibilities. Prepaid contributions are recognized as assets within the scope of refundable cash or reduction of future benefits.

b) Defined benefit plans

i. Under the defined benefit plan, the net obligation is determined by discounting the future welfare amount earned by employees in the current or past service, and subtracting the fair value of plan assets as of the balance sheet date from the present value of the defined benefit obligation. The net obligation under the defined benefit plan is calculated annually using the projected unit credit method by an actuary, and the discount rate is determined by referencing the market yield of high-quality corporate bonds that have the same currency and term as the balance sheet date and the defined benefit plan; in countries where there is no deep market for high-quality corporate bonds, the market yield of government bonds (as of the balance sheet date) is used.

ii. The remeasurement amount generated by the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings.

iii. Expenses related to past service costs are immediately recognized in profit or loss.

3) Remuneration of employees and directors

Remuneration of employees and directors are recognized as expenses and liabilities when they are legally or presumptively required and the amounts can be reasonably estimated. Subsequent adjustments are made based on accounting estimates if there are differences between the actual distribution amounts and the estimated amounts. In the case of stock-based employee compensation, the number of shares is calculated based on the closing price of the day before the Board of Directors' resolution.

bb. Income tax

1) Income tax expense includes both current and deferred income taxes. Except for income taxes related to items included in other comprehensive income or directly included in equity, income taxes are recognized in profit or loss.

2) The Company calculates the current income tax based on the tax rates legislated or substantially legislated by the countries where the Company operates and generates taxable income as of the balance sheet date. The management periodically evaluates the status of income tax filing in accordance with the applicable income tax regulations and, when applicable, estimates the income tax liability by recording the expected tax payments to the tax authorities. The income tax on undistributed earnings, as imposed by the income tax law, is recognized as income tax expense in the year following the year in which the surplus is generated, after the surplus distribution is approved by the shareholders' meeting, reflecting the actual distribution of the surplus.

3) Deferred income taxes are recognized using the balance sheet method, based on the tax

basis of assets and liabilities and the temporary differences that arise from their book amounts in the parent company only balance sheet. Deferred income tax liabilities arising from the initial recognition of goodwill are not recognized. If the deferred income tax arises from transactions (excluding individual enterprises) and does not affect accounting profit or taxable income (tax loss) at the time of the transaction, it is not recognized. Temporary differences arising from investments in subsidiaries and associated companies can be controlled as to when they are reversed, and temporary differences that are unlikely to be reversed in the foreseeable future are not recognized. The deferred income tax is based on legislation or substantial legislation in effect on the balance sheet date, and the applicable tax rate (and tax law) expected to be applied when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences and loss carryforwards can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are re-assessed.

5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis, or realize the asset and settle the liability, simultaneously.

cc. Share capital

Common stock is classified as equity. The net amount directly attributable to the issuance of new shares or stock options, after deducting income taxes, is recognized in equity as a deduction from the purchase price.

dd. Dividend allocation

Dividends are recognized in the Company’s financial statements in the period in which they are approved to be distributed as resolved by the Company’s shareholders' meeting. Cash dividends are recognized as liabilities. Stock dividends are recognized as stock dividends to be allocated and reclassified to ordinary shares on the record date of issue of new shares.

ee. Revenue recognition

Sales

1) The Company primarily manufactures and sells consumer electronics products such as optical discs. Revenue from sales is recognized when control of the products is transferred to the customers, and the point of transfer of control is when the product is delivered to the customers. The customers have discretion over the distribution channels and pricing of the products, and the Company has no remaining performance obligations that could affect

customer acceptance of the products. The risks of obsolescence and loss are transferred to the customers when the products are shipped to the designated locations, and the customers accept the products based on the sales contracts or when there is objective evidence that all acceptance criteria have been met. The point of delivery occurs when these conditions are satisfied.

2) The sales of the goods are recognized at the contract price, and the amount of sales recognized is limited to the part where it is highly likely that there will not be a major reversal in the future. The payment terms for sales are usually 30 to 120 days after the date of shipment. Because the time interval between the transfer of the promised goods or services to the customer and the customer's payment did not exceed one year, the Company did not adjust the transaction price to reflect the time value of money.

3) Account receivable is recognized when goods are delivered to customers because at which time the Company's right to the consideration for contracts from customers is unconditional, except for the passage of time.

5. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

During the preparation of the parent company only financial statements, the Company's management has exercised its judgments to adopt the accounting policies to be used, and made accounting estimates and assumptions based on reasonable expectations of future events with reference to the circumstances at the balance sheet date. If there is any difference between any critical accounting estimates and assumption made and actual results, assessment and adjustment will be conducted continuously by taking into account the historical experience and other factors. Such assumptions and estimates have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Please refer to the description of the uncertainties of critical accounting judgments, assumptions, and estimation uncertainty below:

a. Critical judgments for applying the Company's accounting policies

None.

b. Critical accounting estimates and assumptions

1) Evaluation of impairment of property, plant and equipment

a) The Company assesses impairment based on its subjective judgment and determines the separate cash flows of individual groups of assets, useful lives of assets, and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes in economic position or in the estimates due to the Company's strategy might cause material impairment of assets in the future.

b) As of December 31, 2024, the book value of the Company's property, plant and equipment is NT$2,381,527.

2) Inventory valuation

a) Due to the requirement of valuing inventory at the lower of cost or net realizable value, the Company must exercise judgment and estimation to determine the net realizable value of inventory on the balance sheet date. Given the rapid technological changes, the Company assesses the amount of inventory on the balance sheet date that is subject to normal wear and tear, obsolescence, or lack of market sales value, and reduce the inventory cost to the net realizable value. This inventory valuation is primarily influenced by fluctuations in raw material and product market prices, which may result in significant changes.

b) As of December 31, 2024, the carrying amount of the Company's inventory valuation was NT$992,441.

6. Description of Significant Accounting Titles

a. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and petty cash	$ 278	$ 186
Checks and demand deposits	1,299,829	1,122,556
Time deposit	115,570	46,014
	$ 1,415,677	$ 1,168,756

1) The Company deals with financial institutions with high credit ratings. The Company also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low.
2) The Company has classified cash provided for loans and cash equivalents as financial assets measured at amortized cost - current and non-current, please refer to Note 8 for details.

b. Financial assets at fair value through profit or loss (FVTPL)

Items	December 31, 2024	December 31, 2023
Current items:		
Financial assets mandatorily at fair value through profit or loss		
Listed stocks	$ 7,190,146	$ 5,364,716
Beneficiary certificates	-	50,000
Derivative instruments	279	4,923
	7,190,425	5,419,639
Adjustment to valuation	(208,439)	285,016
	$ 6,981,986	$ 5,704,655
Non-current items:		
Financial assets mandatorily at fair value through profit or loss		
Listed stocks	$ 2,412,698	$ 2,252,030
Unlisted stocks and OTC companies	30,000	51,000
	2,442,698	2,303,030
Adjustment to valuation	(185,518)	170,894
	$ 2,257,180	$ 2,473,924

1) The details of financial assets at FVTPL recognized in profit or loss are as follows:

	2024	2023
Financial assets mandatorily at fair value through profit or loss		
Equity instruments		
(Loss) Gain from valuation and disposal	$ 102,135	$ 839,094
Dividend income	292,018	771,162
Derivative instruments	4,744	17,015
	$ 398,897	$ 1,627,271

2) The Company's transactions of derivative financial assets and contract information with hedging accounting applied are described below:

	December 31, 2024	
Derivative financial assets	Contract amount (notional principal)	Contract period
Current items:		
Forward exchange agreements		
Purchasing Japanese yen and selling US dollars	US$1,000 thousand	2024.12.27~2025.01.24

	December 31, 2023	
Derivative financial assets	Contract amount (notional principal)	Contract period
Current items:		
Foreign exchange swap agreements	US$1,600 thousand	2023.10.27~2024.01.24
〃	US$1,700 thousand	2023.10.27~2024.01.24

Forward exchange agreements

The foreign exchange forward transactions made by the Company are forward transactions, in which foreign currencies are pre-purchased and pre-sold, for the purpose of avoiding the exchange rate risk of import and export prices, without hedging accounting applied.

Foreign exchange swap agreement

The foreign exchange transactions made by the Company are exchange transactions between two currencies, aimed at efficiently managing the time differences in different currency requirements, and reducing exchange rate and interest rate risks, without hedging accounting applied.

3) For the situation in which the Company has pledged financial assets at FVTPL as collateral, please refer to Note 8 for details.

c. Financial assets at FVTOCI

Items	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Non-listed stocks, non-OTC stocks, non-emerging stocks	$ 5,880	$ 5,880
Adjustment to valuation	140,577	211,550
	$ 146,457	$ 217,430

1) The Company has elected to classify equity instrument investments that are strategic investments as financial assets at FVTOCI. The fair values of these investments as of December 31, 2024 and 2023 were NT$146,457 and NT$217,430, respectively.

2) The breakdown of financial assets at FVTOCI recognized in profit or loss and comprehensive income is as follows:

	2024	2023
Equity instruments at FVTOCI		
Changes in fair value recognized in other comprehensive income	($ 70,973)	$ 164,187
Dividend income recognized in profit and loss that remains being held at the end of current period	$ 12,314	$ 7,846

3) The Company did not pledge financial assets at FVOCI as collateral.

d. Notes and accounts Receivable

	December 31, 2024	December 31, 2023
Notes receivable	$ 572	$ 138
Less: Allowance for loss	(6)	(2)
	$ 566	$ 136
Accounts receivable	$ 299,552	$ 248,644
Less: Allowance for loss	(68,719)	(46,126)
	$ 230,833	$ 202,518

1) The aging analysis of accounts and notes receivable is as follows:

	December 31, 2024				December 31, 2023			
	Accounts receivable		Notes receivable		Accounts receivable		Notes receivable	
Not past due	$	189,094	$	572	$	151,396	$	138
Overdue for less than 30 days		26,327		-		16,549		-
Overdue for 31–60 days		10,692		-		14,889		-
Overdue for 61–90 days		696		-		8,702		-
Overdue for 91–180 days		14,907		-		9,823		-
Overdue for more than 181 days		57,836		-		47,285		-
	$	299,552	$	572	$	248,644	$	138

The aging analysis above is based on the number of days overdue.

2) The accounts receivable and notes receivable balances as of December 31, 2024 and 2023 were generated from customer contracts. Additionally, as of January 1, 2023, the notes receivable and accounts receivable balances and the allowance for loss related to customer contracts were NT$418,605 and NT$22,084, respectively.

3) As of December 31, 2024 and 2023, regardless of the collateral held and other credit enhancements, the maximum amount of the exposure to the credit risk arising from the Company’s notes and trade receivable is the carrying amount.

4) The Company did not pledge notes and accounts receivable as collateral.

5) Please refer to Note 12 (2) for details of the information on the credit risk of accounts and notes receivable.

e. Financial asset transfer

The Company signed a trade receivable factoring contract with Taipei Fubon Bank. According to the contract, the Company does not have to bear the risk of default over the transferred trade receivable but only the loss from business disputes. As the Company did not have any continuous involvement in these transferred trade receivable, the Company derecognized these transferred trade receivable. The Company has terminated the accounts receivable assignment contract with Taipei Fubon Bank, effective August 2024. Consequently, as of December 31, 2024, the Company has no outstanding accounts receivable assignments that have not yet matured. The relevant information regarding the accounts receivable assignments that had not yet matured as of December 31, 2023, is as follows:

Unit: NT$ thousands

December 31, 2023

Factor	Amount of accounts receivable in factoring	Amount derecognized	Amount of advance received	Amount of remaining advance available	Interest rate range of advance
Taipei Fubon Bank	USD 336	USD 336	USD-	USD 302	-

As of December 31, 2023, the Company’s retained amount in the trade receivable transferred through factoring was NT$10,330, which has been reclassified to other receivables.

f. Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 319,939	$ 374,286
Work-in-progress	253	144
Finished goods	183,558	217,079
Merchandise inventory	448,931	438,487
Inventory in transit	39,760	-
	$ 992,441	$ 1,029,996

The Company's inventory cost recognized as an expense for the current period:

	2024	2023
Cost of inventories sold	$ 2,214,181	$ 2,455,789
Unamortized fixed production overheads	31,870	36,414
Price decline loss	4,988	26,637
Others	902	4,684
	$ 2,251,941	$ 2,523,524

g. Investments accounted for using the equity method

	December 31, 2024	December 31, 2023
CHC International Investment Corporation (CHC)	$ 3,404,547	$ 3,662,453
CMC Entertainment Holding Corporation (CMC Entertainment)	169,983	165,986
Transtouch Technology Inc. (Transtouch)	311,311	335,612
CMC Entertainment Hub Corporation (CMC Entertainment Hub)	54,094	36,891
EMC Investment Holding Ltd.(EMC H)	2,177,983	3,239,402
CIA Holding Corp.(CIA)	475,977	433,227
Deltamac (Taiwan) Co., Ltd. (Deltamac (Taiwan))	144,804	157,811
Verbatim GmbH (Note)	992,824	-
	$ 7,731,523	$ 8,031,382

Note: In the fourth quarter of 2024, the Company acquired from a subsidiary EMC H 100% of equity of VGmbH, a subsidiary of EMC H. EMC H was in charge of processing capital reduction to offset the related transfer of payables. For further details, please refer to the explanation in Note 6 (32) 3.

1) For information about the Company's subsidiaries, please refer to Note 4 (3) of the Company's consolidated financial statements for the year of 2024.
2) The significant affiliated enterprises of the Company, Transtouch and Deltamac (Taiwan), are publicly traded. As of December 31, 2024 and 2023, their fair values are NT$327,246 and NT$443,736, as well as NT$488,578 and NT$201,787, respectively.

h. Property, plant and equipment

	2024				
	Land	Buildings and structures	Machinery and equipment	Others	Total
January 1					
Cost	$ 1,927,785	$ 1,948,415	$ 9,840,854	$ 14,289	$ 13,731,343
Accumulated depreciation and impairment	-	(1,022,201)	(9,522,435)	(8,702)	(10,553,338)
	$ 1,927,785	$ 926,214	$ 318,419	$ 5,587	$ 3,178,005
January 1	$ 1,927,785	$ 926,214	$ 318,419	$ 5,587	$ 3,178,005
Additions	-	7,981	78,900	7,873	94,754
Disposal	-	-	(336)	-	(336)
Reclassification (Note 1)	-	(320,635)	-	-	(320,635)
Reclassified to non-current assets held for sale (Note 2)	(251,904)	-	-	-	(251,904)
Depreciation expenses	-	(38,516)	(253,612)	(4,789)	(296,917)
Impairment loss	-	(17,496)	(3,884)	(60)	(21,440)
December 31	$ 1,675,881	$ 557,548	$ 139,487	$ 8,611	$ 2,381,527
December 31					
Cost	$ 1,675,881	$ 1,232,189	$ 9,837,918	$ 12,443	$ 12,758,431
Accumulated depreciation and impairment	-	(674,641)	(9,698,431)	(3,832)	(10,376,904)
	$ 1,675,881	$ 557,548	$ 139,487	$ 8,611	$ 2,381,527

	2023				
	Land	Buildings and structures	Machinery and equipment	Others	Total
January 1					
Cost	$ 1,927,785	$ 1,951,646	$ 10,395,580	$ 13,376	$ 14,288,387
Accumulated depreciation and impairment	-	(985,940)	(9,866,787)	(7,829)	(10,860,556)
	$ 1,927,785	$ 965,706	$ 528,793	$ 5,547	$ 3,427,831
January 1	$ 1,927,785	$ 965,706	$ 528,793	$ 5,547	$ 3,427,831
Disposal	-	-	(8,165)	-	(8,165)
Reclassification (Note 1)	-	8,985	52,994	4,570	66,549
Depreciation expenses	-	(48,477)	(255,203)	(4,530)	(308,210)
December 31	$ 1,927,785	$ 926,214	$ 318,419	$ 5,587	$ 3,178,005
December 31					
Cost	$ 1,927,785	$ 1,948,415	$ 9,840,854	$ 14,289	$ 13,731,343
Accumulated depreciation and impairment	-	(1,022,201)	(9,522,435)	(8,702)	(10,553,338)
	$ 1,927,785	$ 926,214	$ 318,419	$ 5,587	$ 3,178,005

Note 1: It is mainly for the reclassification to investment property and reclassification from prepayments for equipment (listed in other non-current assets).

Note 2: In November 2024, the Board of Directors of the Company resolved to sell the land and buildings located in Zhongli District, Taoyuan City and to reclassify the related assets as non-current assets held for sale.

1) Capitalized amount of borrowing costs attributable to property, plant and equipment and interest range:

	2023
Capitalized amount	$ 184
Range of capitalized interest rate	2.08%

2) The Company has no capitalized borrowing costs associated with property, plant and equipment for the year of 2024.
3) For the impairment of property, plant and equipment, please refer to Note 6 (12) for details.
4) For information about the Company's pledging of property, plant and equipment as collateral, please refer to Note 8 for details.

i. <u>Lease transaction - the lessee</u>

1) The assets leased by the Company include land and buildings, with lease contracts typically ranging from 1 to 9 years. The lease contracts are negotiated separately and contain various terms and conditions. Except that the leased asset cannot be used as collateral for loans, no other restrictions are imposed.
2) The lease term of part of the land and buildings leased by the Company does not exceed 12 months, and the low-value assets leased are mostly multi-function printers, so they are not included in the right-of-use assets.
3) The carrying amount of right-of-use assets and depreciation expenses recognized are shown as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	$ 1,298	$ 1,298
Property	-	18,614
	$ 1,298	$ 19,912

	2024	2023
	Depreciation expenses	Depreciation expenses
Land	$ 2,597	$ 2,590
Property	427	2,568
	$ 3,024	$ 5,158

4) In 2024 and 2023, the Company's additions to the right-of-use assets were NT$2,597 and NT$2,596, respectively.

5) The profit and loss items related to lease contracts are shown as follows:

	2024	2023
Items that affect profit or loss		
Interest expenses on lease liabilities	$ 799	$ 902
Short-term lease expenses	$ 2,132	$ 2,365
Loss (Gain) from sublease of right-of-use assets (Note)	$ 956	($ 664)

Note: The figure includes gains and losses from the sublease of right-of-use assets as well as interest income. Please refer to Note 6 (10) for details.

6) The Company's total cash outflows for lease payments in 2024 and 2023 were NT$13,454 and NT$13,676, respectively.

j. Lease transactions - lessor

1) The underlying assets leased out by the Company include buildings and right-of-use assets. The lease term contracted is usually for a period of 7 to 9 years. The lease contracts are negotiated individually and contain various terms and conditions.

2) In 2024 and 2023, the Company leased the right-of-use assets of houses through financing leases; in accordance with the terms of the lease agreement, the major portion of the economic useful life of the leased assets was covered. The information on profit and loss items related to the lease agreement is as follows:

	2024	2023
Loss from subleasing right-of-use assets (listed as other income and loss)	($ 1,797)	$ -
Finance income from net investment in a lease (listed as interest revenue)	841	642

3) The analysis of the maturity dates of the undiscounted lease payments for the financing leases rented by the Company is as follows:

	December 31, 2024	December 31, 2023
Not exceeding 1 year	$ 8,868	$ 6,348
More than 1 year, but less than 5 years	37,082	26,582
More than 5 years	10,836	14,664
	$ 56,786	$ 47,594

4) The adjustment information for the undiscounted lease payments and net lease investments (listed under other current and non-current assets) from the financing lease rentals of the Company is as follows:

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Unpresented lease payments	$ 8,868	$ 47,918	$ 6,348	$ 41,246
Unearned finance income	(774)	(1,849)	(565)	(1,649)
Net investment in a lease	$ 8,094	$ 46,069	$ 5,783	$ 39,597

In 2024, the Company sees an increase of NT$16,389 in the net amount of financing leases, primarily driven by increased demand for the underlying assets from lessees. No such occurrence in 2023.

5) The Company has no overdue rental receivables. Following an assessment, the potential credit risk loss is deemed to be immaterial.

6) In 2024 and 2023, the Company recognized rental income of NT$55,390 and NT$51,600, respectively, based on operating lease contracts, with no corresponding lease payments.

7) The analysis of the maturity date of the lease payments to be paid to the Company under operating lease is as follows:

	December 31, 2024	December 31, 2023
Not exceeding 1 year	$ 51,493	$ 50,229
More than 1 year, but less than 5 years	74,584	110,779
	$ 126,077	$ 161,008

k. Investment property

	2024		
	Land	Buildings and structures	Total
January 1			
Cost	$ 63,362	$ 1,243,823	$ 1,307,185
Accumulated depreciation	-	(711,833)	(711,833)
	$ 63,362	$ 531,990	$ 595,352
January 1	$ 63,362	$ 531,990	$ 595,352
Additions	-	316	316
Reclassification (Note 1)	-	320,635	320,635
Reclassified to non-current assets held for sale (Note 2)	-	(102,809)	(102,809)
Depreciation expenses	-	(30,241)	(30,241)
December 31	$ 63,362	$ 719,891	$ 783,253

	2024		
	Land	Buildings and structures	Total
December 31			
Cost	$ 63,362	$ 1,643,495	$ 1,706,857
Accumulated depreciation	-	(923,604)	(923,604)
	$ 63,362	$ 719,891	$ 783,253

	2023		
	Land	Buildings and structures	Total
January 1			
Cost	$ 63,362	$ 1,245,268	$ 1,308,630
Accumulated depreciation	-	(691,797)	(691,797)
	$ 63,362	$ 553,471	$ 616,833
January 1	$ 63,362	$ 553,471	$ 616,833
Reclassification (Note 1)	-	211	211
Depreciation expenses	-	(21,692)	(21,692)
December 31	$ 63,362	$ 531,990	$ 595,352
December 31			
Cost	$ 63,362	$ 1,243,823	$ 1,307,185
Accumulated depreciation	-	(711,833)	(711,833)
	$ 63,362	$ 531,990	$ 595,352

Note 1: It is mainly transferred from prepayments for equipment (listed in other non-current assets) and property, plant and equipment.

Note 2: In November 2024, the Board of Directors of the Company resolved to sell the land and buildings located in Zhongli District, Taoyuan City and to reclassify the related assets as non-current assets held for sale.

1) Rental revenue and direct operating expenses of investment property:

	2024	2023
Rental revenue of investment property	$ 52,472	$ 48,425
Direct operating expenses incurred by investment property generating rental revenue in the current period	$ 19,078	$ 17,129
Direct operating expenses incurred by investment property not generating rent revenue in current period	$ 18,594	$ 9,420

2) The fair values of the investment properties held by the Company as of December 31, 2024 and 2023 were NT$3,321,449 and NT$4,458,110, respectively, based on the evaluation results using the nearby comparable transaction prices.

3) For information on the investment property pledged as collateral, please refer to Note 8 for details.

l. Impairment of non-financial assets

1) In 2024, the Company has resolved to suspend the development of certain projects. Consequently, the exclusive assets associated with these projects cannot be freely disposed of in the open market. It is anticipated that the fair value, less the disposal costs, will be extremely low. Therefore, an impairment loss of NT$23,100 has been recognized, with the details as follows:

	2024		2023	
	Recognized in the current profit or loss	Recognized in other comprehensive income	Recognized in the current profit or loss	Recognized in other comprehensive income
Impairment loss - buildings and structures	$ 17,496	$ -	$ -	$ -
Impairment loss - machinery and equipment	3,884	-	-	-
Impairment loss - other equipment	60	-	-	-
Impairment loss - computer software	1,009	-	-	-
Impairment loss - other	651	-	-	-
	$ 23,100	$ -	$ -	$ -

2) The Company adopted the value in use and the net disposal value of existing assets as the recoverable amount in the impairment test on December 31, 2024 and 2023. The discount rate used to estimate the value in use is as follows:

	December 31, 2024	December 31, 2023
Machinery and equipment	8.42%	7.60%

m. Non-current assets held for sale

In November 2024, the Board of Directors of the Company resolved to sell the land and buildings located in Zhongli District, Taoyuan City and to reclassify the related assets as held for sale. The transaction is expected to be completed in 2025.

	December 31, 2024	December 31, 2023
Property, plant and equipment and investment property	$ 354,713	$ -

n. Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for equipment	$ 15,573	$ 23,954
Refundable deposits	3,376	3,397
Net receivables from financing leases (Refer to Note 6 (10))	46,069	39,597
Overdue receivables	107,784	108,200
Less: Allowance for loss	(107,784)	(108,200)
Net defined benefit assets - non-current	6,271	-
Other non-current assets - others	404,125	406,604
	$ 475,414	$ 473,552

o. Short-term borrowings

Nature of borrowings	December 31, 2024	December 31, 2023
Borrowings from financial Institutions		
Credit borrowings	$ 910,000	$ 450,000
Interest rate range	2.20~2.33%	2.10~2.27%

The aforementioned short-term loan limits on December 31, 2024 and 2023 have been respectively issued promissory notes in the amounts of NT$2,349,495 and NT$2,069,935 as collateral.

p. Short-term notes payable

	December 31, 2024	December 31, 2023
Commercial paper payable	$ 100,000	$ -
Interest rate	2.29%	-

1) The aforementioned short-term notes payable are guaranteed and accepted by financial institutions such as banks and bills finance companies.
2) The aforementioned commercial paper payable on December 31, 2024 and 2023 has been issued respective promissory notes of NT$200,000 and $0 as collateral.

q. Financial liabilities at fair value through profit or loss

Items	December 31, 2024	December 31, 2023
Current items:		
Financial liabilities held for trade		
Non-hedging derivative financial instruments		
—Derivative instruments	$ 313	$ 648

1) The net losses recognized for the financial liabilities held for trading by the Company in 2024 and 2023 were NT$18,280 and NT$20,619, respectively.

2) The Company's transactions of derivative financial liabilities and contract information with hedging accounting applied are described below:

	December 31, 2024	
Derivative financial liabilities	Contract amount (notional principle)	Contract period
Current items:		
Foreign exchange swap agreement	US$1,700 thousand	2024.12.27~2025.02.27
〃	US$1,600 thousand	2024.12.27~2025.02.27

	December 31, 2023	
Derivative financial liabilities	Contract amount (notional principle)	Contract period
Current items:		
Forward exchange agreements		
Purchasing U.S. dollars and selling Renminbi	CNY 7,220 thousand	2023.11.08~2024.02.23
〃	CNY 7,057 thousand	2023.12.29~2024.03.28

Forward exchange agreements

The foreign exchange forward transactions made by the Company are forward transactions, in which foreign currencies are pre-purchased and pre-sold, for the purpose of avoiding the exchange rate risk of import and export prices, without hedging accounting applied.

Foreign exchange swap agreement

The foreign exchange transactions made by the Company are exchange transactions between two currencies, aimed at efficiently managing the time differences in different currency requirements, and reducing exchange rate and interest rate risks, without hedging accounting applied.

r. Long-term borrowings

	December 31, 2024	December 31, 2023
Borrowings from financial Institutions		
Secured borrowings	$ 3,513,000	$ 2,515,000
Credit borrowings	750,000	1,150,000
Guaranteed commercial paper payable	230,000	280,000
Credit commercial paper payable	300,000	-
	4,793,000	3,945,000
Less: Long-term loans due within one year	(1,198,000)	(925,000)
	$ 3,595,000	$ 3,020,000
Interest rate range	2.08~2.41%	2.00~2.27%

1) The Company signed a financing commitment contract with O-Bank Co., Ltd. in June 2022. The contract lasted for 24 months, and the total amount of borrowings was NT$300 million. Thereafter, the Company signed a new financing commitment contract with O-Bank Co., Ltd. in May 2024. The contract lasts for 24 months, and the total amount of borrowings is NT$300 million. The Company's main commitments are as follows:

   The current ratio during the contract period shall be maintained at 100% or above; the debt ratio shall not be higher than 90% (inclusive); the net value of tangible assets shall not be lower than NT$12 billion; the interest coverage ratio (including depreciation and amortization expenses) shall not be less than 250%.

   The outstanding balance of the Company’s borrowings as of December 31, 2024 and 2023 were both NT$300,000.

2) The Company signed a financing commitment contract with Taipei Fubon Bank in March 2023. The contract lasts for 36 months, and the total amount of borrowings is NT$1.5 billion. The Company's main commitments are as follows:

   During the contract period, the following financial ratios should be maintained and the consolidated financial statements should be reviewed quarterly: the current ratio should be maintained at 100% or above (inclusive); the debt ratio should not exceed 90% (inclusive); the tangible net worth should not be less than NT$12 billion; the sum of cash, financial assets measured at fair value through profit or loss (current), and financial assets measured at amortized cost (current) minus financial liabilities should not be less than NT$2 billion (restricted financial assets or current assets should be deducted from the aforementioned items).

   The outstanding balance of the Company's borrowings as of December 31, 2024 and December 31, 2023 were NT$1,340,000 and NT$800,000, respectively.

3) The remaining loans will be repaid in installments until the end of 2027.

4) Please refer to Note 8 for details of the guarantees for long-term borrowings.

s. <u>Pension</u>

1) a) The Company has established a retirement scheme with definite benefits in accordance with the provisions of the Labor Standards Act. This scheme applies to the years of service of all regular employees prior to the implementation of the Labor Pension Act on July 1, 2005, as well as the subsequent years of service of employees who choose to continue to be governed by the Labor Standards Act after the implementation of the Labor Pension Act. For employees who meet the retirement conditions, the payment of retirement benefits is calculated based on years of service and the average salary of the six months prior to retirement. For years of service within 15 years (inclusive), two units are given for each full year, and for years of service exceeding 15 years, one unit is given for each full year, with a maximum accumulation of 45 units. The Company sets aside 2% of the total salary amount each month as a retirement fund, which is stored in a special account in the name of the Labor Retirement Reserve Supervisory Committee at the Bank of Taiwan. In addition, before the end of each fiscal year, the Company estimates the balance of the aforementioned labor retirement reserve account. If the balance is insufficient to pay the estimated retirement benefits for employees who are expected to meet the retirement conditions in the next fiscal year based on the aforementioned calculation,

the Company will make a one-time allocation of the difference by the end of March of the following year.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$ 140,274	$ 176,467
Fair value of plan assets	(146,545)	(135,636)
Net defined benefit (assets) liabilities (listed in other non-current (assets) liabilities)	($ 6,271)	$ 40,831

c) The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (assets) liabilities
2024			
Balance at January 1	$ 176,467	($ 135,636)	$ 40,831
Service cost for the current period	242	-	242
Interest expense (revenue)	2,118	(1,628)	490
	178,827	(137,264)	41,563
Re-measurements:			
Return on plan assets (not including interest revenue or expenses)	-	(12,573)	(12,573)
Changes in financial assumptions	(3,111)	-	(3,111)
Experience adjustments	(25,846)	-	(25,846)
	(28,957)	(12,573)	(41,530)
Pension contributed	-	(6,304)	(6,304)
Pension paid	(9,597)	9,597	-
Balance at December 31	$ 140,273	($ 146,544)	($ 6,271)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2023			
Balance at January 1	$ 192,517	($ 144,951)	$ 47,566
Service cost for the current period	354	-	354
Interest expense (revenue)	2,311	(1,741)	570
	195,182	(146,692)	48,490
Re-measurements:			
Return on plan assets (not including interest revenue or expenses)	-	(1,300)	(1,300)
Experience adjustments	4,203	-	4,203
	4,203	(1,300)	2,903
Pension contributed	-	(10,562)	(10,562)
Pension paid	(22,918)	22,918	-
Balance at December 31	$ 176,467	($ 135,636)	$ 40,831

d) The Company's defined welfare retirement plan fund assets are entrusted for operation by the Bank of Taiwan in accordance with the investment and utilization plan of the fund for the year, within the prescribed ratios and amounts. The entrusted operation is carried out in accordance with Article 6 of the Regulations for the Receipt, Custody, and Utilization of Labor Retirement Funds (i.e. depositing funds in domestic and foreign financial institutions, investing in listed, over-the-counter, or private equity securities, and investing in securitized products of domestic and foreign real estate), and the related utilization is supervised by the Labor Retirement Fund Supervisory Commission. The minimum annual distribution of the fund's utilization shall not be lower than the yield calculated based on the local bank's two-year fixed deposit interest rate. If there is any shortfall, it shall be supplemented by the national treasury after approval by the competent authority. As the Company has no authority to participate in the operation and management of the fund, it is unable to disclose the fair value classification of plan assets as required by paragraph 142 of IAS 19. The fair value of the total assets of the fund as of December 31, 2024 and December 31, 2023 is detailed in the government's annual reports on the utilization of the labor retirement fund.

e) The actuarial assumptions related to pension are summarized as follows:

	2024	2023
Discount rate	1.6%	1.2%
Rate of future salary increase	2.0%	2.0%

The assumption for future mortality rates is based on the estimation from the 6th experience life table of the life insurance industry in Taiwan.

The present value of the defined benefit obligation affected by the changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Rate of future salary increase	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2024				
The effects on the present value of defined benefit obligations	($ 1,886)	$ 1,930	$ 1,570	($ 1,543)
December 31, 2023				
The effects on the present value of defined benefit obligations	($ 2,796)	$ 2,872	$ 2,403	($ 2,354)

The sensitivity analysis above is based on analyzing the impact of a single assumption change while keeping other assumptions constant. In practice, many assumptions may be interrelated and change together. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

f) The Company plans to allocate a retirement plan payment of NT$4,080 in 2025.

g) As of December 31, 2024, the weighted average duration of the retirement plan is 6 years. The maturity analysis of the pension payments is as follows:

Not exceeding 1 year	$ 14,358
More than 1 year, but less than 5 years	75,876
More than 5 years	39,487
	$ 129,721

2) a) Since July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, applicable to all formal employees with R.O.C. nationality. For employees who choose the labor pension system stipulated under the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts of the Bureau of Labor Insurance at 6% of their monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.

b) In 2024 and 2023, the Company recognized retirement benefit costs in accordance with the above-mentioned retirement benefit regulations, amounting to NT$13,898 and NT$15,447, respectively.

t. <u>Share capital</u>

As of December 31, 2024, the Company's registered capital was NT$45,000,000, divided into 4,500,000 thousand shares, and the paid-in capital was NT$10,893,483, with a par value of NT$10 per share. Share payments for the Company's issued shares have been collected in full. In both 2024 and 2023, the Company has 1,089,348 thousand shares of common stock outstanding.

u. <u>Capital surplus</u>

According to the Company Act, capital surplus including the income derived from issuing shares at a premium and from endowments, in addition to being used to compensate deficit, where the Company has no accumulated losses, shall be used to issue new shares or cash in proportion to the shareholders' original shares. In addition, according to relevant provisions of the Securities and Exchange Act, when the capital is replenished from the aforementioned capital surplus, the total amount each year shall not exceed 10% of the paid-in capital. The Company shall not use the capital surplus to compensate the capital losses, unless the surplus reserve is insufficient to compensate such losses.

	2024				
	Share premium	Treasury share transactions	Difference between the equity price of subsidiary actually acquired or disposed of and the book value	Others	Total
January 1	$ 1,698,443	$ 5,014,346	$ 5,791	$ 1,926	$ 6,720,506
Difference between the equity price of subsidiary actually acquired or disposed of and the book value (Note)	-	-	64,225	-	64,225
December 31	$ 1,698,443	$ 5,014,346	$ 70,016	$ 1,926	$ 6,784,731

	2023				
	Share premium	Treasury share transactions	Difference between the equity price of subsidiary actually acquired or disposed of and the book value	Others	Total
January 1	$ 1,698,443	$ 5,014,346	$ 68	$ 1,922	$ 6,714,779
Changes in ownership interests in subsidiaries	-	-	-	4	4
Difference between the equity price of subsidiary actually acquired or disposed of and the book value	-	-	5,723	-	5,723
December 31	$ 1,698,443	$ 5,014,346	$ 5,791	$ 1,926	$ 6,720,506

Note: In 2024, the Company sold a portion of its subsidiary's equity to non-controlling interests in the public market, with a disposal price of NT$65,755. This transaction represents an equity transaction among the Group's owners. Therefore, this transaction increases non-controlling interests by NT$15,466, and the equity attributable to the parent company's owners (listed as capital surplus - difference between the actual acquisition or disposal price of subsidiary shares and their book value) increases by NT$50,289. In addition, in 2024, some subsidiaries sold the equity of other subsidiaries to non-controlling interests, causing the capital surplus to increase by NT$13,936.

v. Retained earnings (Accumulated deficits)

1) According to the Company's Articles of Incorporation, if there are earnings in the annual final accounts, the Company shall pay taxes first and compensate the accumulated losses; appropriate 10% of the balance for legal reserve, but this does not apply when the legal reserve has reached the amount of the Company's total capital. Subsequently, the Company shall make an appropriation for or reverse the special reserve in accordance with the law. Then, if there are still earnings, together with the undistributed earnings accumulated from the beginning of the same period, the board of directors shall put forth an earnings distribution proposal for the resolution by the shareholders' meeting before distribution. The Company’s dividend policy is based on the consideration for capital expenditures and the Company’s long-term financial planning. The total dividend shall not less be than 10% of the current year’s distributable earnings. However, if the distributable earnings is less than 1% of the paid-in capital, dividend many not need to be distributed. When the dividend is distributed, cash dividend shall be no less than 10% of the total dividend.

2) The legal reserve shall not be used except for compensation for the Company's losses and issue of new shares or cash in proportion to the shareholders' original shares. However, in the case of issue of new shares or cash, it shall be limited to the portion of the legal reserve in excess of 25% of the paid-in capital.

3) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.

4) a) The Company passed the proposal for 2023 earnings distribution as resolved by the shareholders' meeting on June 14, 2024 as follows:

	2023	
	Amount	Earnings per share (NT$)
Legal reserve appropriated	$ 66,486	$ -
Special reserve reversed	(153,322)	-
Cash dividends	740,757	0.68
	$ 653,921	

b) The Company approved the proposal to allocate the losses of the fiscal year 2022 for compensation at the shareholders' meeting held on June 13, 2023.

The dividend distribution for the fiscal year 2023 and allocation of losess for the fiscal year 2022 is consistent with the proposal of the Board of Directors of the Company.

5) On March 13, 2025, the Board of Directors of the Company approved the proposal for the allocation of losses for the fiscal year 2024. Special reserve amounting to NT$102,468 has been reversed, along with legal reserve of NT$114,221 and NT$29,804 from capital surplus - treasury stock transactions to offset the losses.

6) On March 13, 2025, the Board of Directors of the Company resolved to distribute cash amounting to NT$326,805 from the capital surplus - issuance premium of the fiscal year 2024 ($0.30 per share).

As of March 13, 2025, the aforementioned 2024 loss allocation proposal and the capital surplus cash distribution proposal have not yet been resolved by the shareholders' meeting.

7) Please refer to the MOPS website of the Taiwan Stock Exchange for details on the aforementioned 2023 distribution of earnings approved by the Board of Directors and resolved by the shareholders' meeting.

w. Other equity items

	2024		
	Foreign currency translation	Unrealized valuation gains and losses	Total
January 1	($ 82,865)	($ 19,603)	($ 102,468)
Adjustment to valuation:			
—Parent company	-	(70,973)	(70,973)
—Subsidiaries and associates	-	(12,055)	(12,055)
Reclassified from valuation adjustment to retained earnings	-	1,502	1,502
Foreign currency translation difference:			
—Parent company	216,702	-	216,702
—Subsidiaries and associates	219	-	219
December 31	$ 134,056	($ 101,129)	$ 32,927

	2023		
	Foreign currency translation	Unrealized valuation gains and losses	Total
January 1	($ 113,253)	($ 209,333)	($ 322,586)
Adjustment to valuation:			
—Parent company	-	164,187	164,187
—Subsidiaries and associates	-	(10,140)	(10,140)
Reclassified from valuation adjustment to retained earnings	-	35,683	35,683
Foreign currency translation difference:			
—Parent company	29,960	-	29,960
—Subsidiaries and associates	428	-	428
December 31	($ 82,865)	($ 19,603)	($ 102,468)

x. Operating revenue

	2024	2023
Revenue from customer contracts	$ 2,739,059	$ 3,054,699

1) Breakdown of revenue from customer contracts

The Company's revenue comes from the provision of goods that transferred at a certain point in time. The revenue can be broken down into the following main product lines:

	2024		
	Storage media	Others	Total
Timing of revenue recognition			
Revenue recognized at a specific timing	$ 2,663,022	$ 76,037	$ 2,739,059

	2023		
	Storage media	Others	Total
Timing of revenue recognition			
Revenue recognized at a specific timing	$ 2,940,051	$ 114,648	$ 3,054,699

2) Contract liabilities

a) Contract liabilities related to revenue from customer contracts recognized by the Company are as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities			
Advance sales receipts	$ 51,812	$ 56,169	$ 84,425

b) Contract liabilities at beginning of period recognized as revenue for the period

	2024	2023
Opening balance of contract liabilities recognized as income for the period / Product sales contracts	$ 49,261	$ 77,068

y. Interest revenue

	2024	2023
Interests on bank deposits	$ 7,786	$ 5,130
Interest revenue from financial assets at amortized cost - interest revenue	202	78
Other (please refer to Note 6 (10))	841	642
	$ 8,829	$ 5,850

z. Other income

	2024	2023
Rental income (please refer to Note 6 (10))	$ 55,390	$ 51,600
Dividend income	304,332	779,008
Other income	14,255	18,671
	$ 373,977	$ 849,279

aa. Other gains and losses

	2024	2023
Net gains (losses) on financial assets at FVTPL	$ 106,879	$ 856,109
Net losses on financial liabilities at fair value through profit or loss	(18,280)	(20,619)
Net foreign currency exchange gains	55,687	5,723
Gains on disposal of property, plant and equipment	532	654
Non-financial asset impairment losses (please refer to Note 6 (12))	(23,100)	-
Depreciation expenses of investment property	(30,241)	(21,692)
Loss on sublease of right-of-use assets (please refer to Note 6 (10))	(1,797)	-
Other expenses	(4,092)	(6,917)
	$ 85,588	$ 813,258

bb. Finance costs

	2024	2023
Interest expenses:		
Bank borrowings	$ 108,342	$ 83,458
Others	911	994
Borrowing facility management expense	145	3,002
	109,398	87,454
Less: Amount qualified for capitalization	-	(184)
	$ 109,398	$ 87,270

cc. Employee benefit, depreciation, and amortization expenses

In 2024 and 2023, the employee benefit, depreciation, and amortization expenses incurred by the Company are summarized as follows by function:

Functional category / Nature	2024		
	Operating costs	Operating expenses	Total
Employee benefit expenses			
Salaries and wages	$ 263,095	$ 97,828	$ 360,923
Labor and health insurance premiums	29,111	10,513	39,624
Pension expenses	9,968	4,662	14,630
Remuneration of directors	-	2,040	2,040
Other personnel expenses	14,841	3,995	18,836
Depreciation expenses	167,095	132,846	299,941
Amortization expenses	2,123	13,552	15,675

Functional category / Nature	2023		
	Operating costs	Operating expenses	Total
Employee benefit expenses			
Salaries and wages	$ 305,927	$ 105,754	$ 411,681
Labor and health insurance premiums	32,945	10,982	43,927
Pension expenses	11,408	4,963	16,371
Remuneration of directors	-	2,920	2,920
Other personnel expenses	5,938	3,618	9,556
Depreciation expenses	231,379	81,989	313,368
Amortization expenses	3,171	35,626	38,797

1) According to the Company's Articles of Incorporation, if the Company makes a profit at the end of the year, at least 1% of the balance shall be allocated for employee compensation and no more than 1.5% for the remuneration of directors. But if the Company still has an accumulated deficiency, the amount to cover should be retained in advance.
2) Due to the Company's accumulated losses in 2024, there is no need to estimate employee and director remuneration.
3) The estimated amounts for employee and director remuneration in 2023 of the Company are NT$7,000 and NT$1,600, respectively. The aforementioned amounts are consistent with the amount recognized in the financial statements of 2023.

   The profit situation for the year of 2023 is estimated to be 1.01% and 0.23%, respectively. The Board of Directors has resolved that the actual distribution amounts are NT$7,000 and

NT$1,600, respectively, as of December 31, 2024. A portion of these amounts remains undistributed; the distribution was completed in January 2025.

4) The information on employee compensation and the remuneration of directors approved by the Board of Directors of the Company is available on the MOPS.
5) As of 2024 and 2023, the number of employees was 553 and 627, respectively. Among them, the number of non-executive directors who were not concurrently employed in 2024 and 2023 was 7 and 6, respectively.
6) The Company's stock has been listed on the Taiwan Stock Exchange, so the following information is additionally disclosed:
   a) The average employee welfare expenses for 2024 and 2023 were NT$795 and NT$775, respectively.
   b) The average employee remuneration expenses for 2024 and 2023 were NT$661 and NT$663, respectively.
   c) The average employee salary adjustment is (0.3%).
   d) The Company has set up an Audit Committee in 2024 and 2023, so there was no remuneration for supervisors.
   e) The Company's salary and remuneration policy:

      Directors and Managers:

      i. A remuneration committee is set up to effectively measure the overall salary and remuneration of the Company’s directors and managers.
      ii. Managerial compensation includes fixed salary and employee rewards, with salary being based on industry standards as well as job title, position level, education, professional skills, and responsibilities.

      Employee:

      i. The overall salary and remuneration level of employees is based on external competitiveness and internal fairness with the aim of effectively attracting and retaining talents.
      ii. Employee salary and remuneration is linked with the performance management system to motivate employees to develop, and drive the Company's positive development.
      iii. The Company's long-term and short-term goals, individual dedication time, positions held, and overall work performance are connected to motivate employees.

dd. Income tax

1) Income tax expense

a) Components of income tax expense:

	2024	2023
Current income tax:		
Income tax incurred in current period	$ 30,059	$ -
Deferred income tax:		
Initial recognition and reversal of temporary differences	4,454	16,617
Income tax expense	$ 34,513	$ 16,617

b) The amount of income tax related to other comprehensive income:

	2024	2023
Remeasurement of defined benefit obligations	$ 8,306	($ 580)

2) Reconciliation between income tax expense and accounting profit

	2024	2023
Income tax calculated based on income (loss) before tax and statutory tax rate	($ 51,118)	$ 353,371
Items to be adjusted as required by tax regulations	1,440	748
Items exempt from taxation according to the tax law	(248,804)	(109,032)
Unrealized gains or losses on financial assets that are not taxable	170,835	(214,262)
Temporary differences not recognized in deferred income tax assets	104,010	-
Taxable loss not recognized in deferred income tax assets	34,588	536,819
Change in realizability evaluation of deferred income tax liabilities	(6,497)	(551,027)
Income tax effects of alternative minimum tax	30,059	-
Income tax expense	$ 34,513	$ 16,617

3) The amount of deferred income tax assets or liabilities that arise from temporary differences and tax losses are set out below:

	2024				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Organizational restructuring	December 31
Deferred in come tax assets:					
— Temporary differences:					
Over-limit of allowance for loss	$ 28,836	$ 4,276	$ -	$ -	$ 33,112
Inventory valuation loss	31,655	998	-	-	32,653
Compensation for unused annual leave	4,038	(141)	-	-	3,897
Unrealized exchange loss	10,464	(6,509)	-	-	3,955
Remeasurement of defined benefit obligations	8,505	-	(8,306)	-	199
Unrealized sales gains	28,170	(332)	-	-	27,838
CFC investment returns	-	10,805	-	-	10,805
— Tax losses	36,331	(4,450)	-	-	31,881
Subtotal	$ 147,999	$ 4,647	($ 8,306)	$ -	$ 144,340
Deferred income tax liabilities:					
— Temporary differences:					
Provision for land value increment tax	($ 21,379)	$ -	$ -	$ -	($ 21,379)
Others	(4,287)	(9,101)	-	(6,311)	(19,699)
Subtotal	($ 25,666)	($ 9,101)	$ -	($ 6,311)	($ 41,078)
Total	$ 122,333	($ 4,454)	($ 8,306)	($ 6,311)	$ 103,262

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred in come tax assets:				
— Temporary differences:				
Over-limit of allowance for loss	$ 29,818	($ 982)	$ -	$ 28,836
Inventory valuation loss	26,328	5,327	-	31,655
Compensation for unused annual leave	4,071	(33)	-	4,038
Unrealized exchange loss	6,816	3,648	-	10,464
Remeasurement of defined benefit obligations	7,925	-	580	8,505
Unrealized sales gains	22,869	5,301	-	28,170
— Tax losses	64,281	(27,950)	-	36,331
Subtotal	$ 162,108	($ 14,689)	$ 580	$ 147,999
Deferred income tax liabilities:				
— Temporary differences:				
Provision for land value increment tax	($ 21,379)	$ -	$ -	($ 21,379)
Others	(2,359)	(1,928)	-	(4,287)
Subtotal	($ 23,738)	($ 1,928)	$ -	($ 25,666)
Total	$ 138,370	($ 16,617)	$ 580	$ 122,333

4) The validity period of the Company's unused tax loss carryforwards and the relevant amounts of unrecognized deferred income tax assets are as follows:

December 31, 2024

Year of occurrence	Declared/Approved amount	Amount of unused tax loss carryforwards	Amount of unrecognized deferred income tax assets	Final year the carryforwards are due
Fiscal year 2015	Approved amount	$ 1,242,438	$ 1,199,044	Fiscal year 2025
Fiscal year 2016	"	2,413,223	2,364,172	Fiscal year 2026
Fiscal year 2017	"	570,239	541,040	Fiscal year 2027
Fiscal year 2018	"	542,996	519,517	Fiscal year 2028
Fiscal year 2021	"	95,706	81,423	Fiscal year 2031
Fiscal year 2022	"	570,212	570,212	Fiscal year 2032
Fiscal year 2023	Declared amount	1,727,894	1,727,894	Fiscal year 2033
		$ 7,162,708	$ 7,003,302	

December 31, 2023

Year of occurrence	Declared/Approved amount	Amount of unused tax loss carryforwards	Amount of unrecognized deferred income tax assets	Final year the carryforwards are due
Fiscal year 2014	Approved amount	$ 792,870	$ 792,870	Fiscal year 2024
Fiscal year 2015	"	1,242,438	1,239,773	Fiscal year 2025
Fiscal year 2016	"	2,413,223	2,368,741	Fiscal year 2026
Fiscal year 2017	"	570,239	506,234	Fiscal year 2027
Fiscal year 2018	"	542,996	472,491	Fiscal year 2028
Fiscal year 2021	"	95,706	95,706	Fiscal year 2031
Fiscal year 2022	Declared amount	570,212	570,212	Fiscal year 2032
Fiscal year 2023	Estimated amount	1,912,933	1,912,933	Fiscal year 2033
		$ 8,140,617	$ 7,958,960	

5) Deductible temporary differences that are not recognized in deferred income tax assets:

	December 31, 2024	December 31, 2023
Deductible temporary differences	$ 8,940,470	$ 8,431,354

6) The profit-seeking enterprise income tax returns filed by the Company up to 2022 have been approved by the tax collection authorities.

ee. Earnings (Losses) per share

	2024		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NT$)
Basic and diluted loss per share			
Net loss	($ 290,103)	1,089,348	($ 0.27)

	2023		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Loss per share (NT$)
Basic earnings per share			
Net profit	$ 1,750,238	1,089,348	$ 1.61
Diluted earnings per share			
Net profit	1,750,238	1,089,348	
Potential effect of dilutive ordinary shares			
Employee compensation	-	609	
Current net profit plus potential effect of ordinary shares	$ 1,750,238	1,089,957	$ 1.61

ff. Additional information on cash flows

Investing activities with only partial cash payments:

1) Property, plant and equipment

	2024	2023
Acquisition of property, plant and equipment	$ 94,754	$ 66,549
Less: Prepayments for equipment, beginning of period	(23,954)	(6,432)
Add: Prepayments for equipment, end of period	15,573	23,954
Add: Payables for equipment, beginning of period	40,781	34,313
Less: Payables for equipment, end of period	(19,527)	(40,781)
Cash paid for current period	$ 107,627	$ 77,603

Note: The prepaid equipment payments are listed under "Other non-current assets", while the payables for equipment payments are listed under "Other payables".

2) Intangible assets:

	2024	2023
Acquisition of intangible assets	$ 6,413	$ 5,200
Add: Payable, beginning of period	668	320
Less: Payable, end of period	(720)	(668)
Cash paid for current period	$ 6,361	$ 4,852

3) Investments accounted for using the equity method:

	2024	2023
Acquisition of investments accounted for using the equity method - CMC Entertainment Hub	$ 30,000	$ -
Acquisition of investments accounted for using the equity method- VGmbH	1,072,293	-
Less: Capital reduction of subsidiary EMC H to offset share payments	(1,067,549)	-
Exchange rate difference	(3,992)	-
Cash paid for current period	$ 30,752	$ -

gg. Changes in liabilities from financing activities

2024

	Short-term borrowings	Short-term notes payable	Long-term borrowings (including due within one year or one operating cycle)	Lease liabilities	Funds payable to related parties	Total liabilities from financing activities
January 1	$450,000	$ -	$3,945,000	$63,424	$328,544	$4,786,968
Changes in cash flow from financing activities	460,000	100,000	848,000	(10,523)	146,839	1,544,316
Other non-cash changes	-	-	-	2,597	-	2,597
December 31	$910,000	$100,000	$4,793,000	$55,498	$475,383	$6,333,881

	2023					
	Short-term borrowings	Short-term notes payable	Long-term borrowings (including due within one year or one operating cycle)	Lease liabilities	Funds payable to related parties	Total liabilities from financing activities
January 1	$550,000	$ 50,000	$3,910,000	$71,237	$276,525	$4,857,762
Changes in cash flow from financing activities	(100,000)	(50,000)	35,000	(10,409)	52,019	(73,390)
Other non-cash changes	-	-	-	2,596	-	2,596
December 31	$450,000	$ -	$3,945,000	$63,424	$328,544	$4,786,968

7. Related-Party Transactions

a. Parent company and ultimate controller

All shares of the Company are publicly held, and there is no ultimate parent company or controller.

b. Name and relationship of related parties

Names of related party	Relationship with the Company
Transtouch Technology Inc. (Transtouch)	Subsidiaries
Deltamac (Taiwan) Co., Ltd. (Deltamac (Taiwan))	〃
CHC International Investment Corporation (CHC)	〃
CMC Entertainment Holding Corporation (CMC Entertainment)	〃
CMC Entertainment Hub Corporation (CMC Entertainment Hub)	〃
Fortune (Jiangsu) Multimedia Co., Ltd. (Fortune (Jiangsu) Multimedia)	Sub-subsidiary
TAIWANET.COM Corporation (TAIWANET.COM)	〃
Jet-Thai Hi-Tech Co. Ltd. (Jet-Thai) (Note)	〃
EMC Investment Holding Ltd.（EMC H）	Subsidiaries
Verbatim GmbH（VGmbH）	〃
Verbatim Americas LLC.（VUS）	Subsidiary of sub-subsidiary
Verbatim Australia Pty. Ltd.（VAU）	Sub-subsidiary
Verbatim (Hong Kong) Limited（VHK）	〃
Verbatim Japan Ltd. (VJP)	〃
Super Net Holding Ltd.(Super Net)	〃
Vie Show Cinemas Co., Ltd. (Vie Show Cinemas)	Associates

Note: The liquidation was completed in October 2024.

c. Significant transactions with related parties

1) Operating revenue

	2024	2023
Sale of goods:		
Subsidiary - VJP	$ 703,705	$ 767,529
— VUS	428,290	482,053
— VGmbH	239,516	297,031
— Others	308,487	212,300
	$ 1,679,998	$ 1,758,913

The transaction prices between the Company and related parties are comparable to those with non-related parties. For some foreign subsidiaries, the payment terms are set at 75 to 120 days after the delivery of goods; however, for other foreign subsidiaries, the payment terms extend to 150 to 180 days after delivery, which is slightly longer than the terms for general customers. The payment term for general overseas customers is 30 to 120 days after the delivery of goods, and for general domestic customers, it is O/A with net 30–120 days.

2) Purchases

	2024	2023
Purchases of goods:		
Subsidiaries	$ 728	$ 1,282

The goods are purchased from subsidiaries in accordance with general business terms and conditions.

3) Accounts receivable

	December 31, 2024	December 31, 2023
Subsidiary - VJP	$ 383,076	$ 349,221
— VUS	188,548	182,400
— Fortune (Jiangsu) Multimedia	97,063	67,776
— VGmbH	61,255	101,328
— Others	13,533	13,798
	$ 743,475	$ 714,523

The trade receivable from related parties mainly come from the sales of goods, and there is no significant difference in the payment terms from those in general transactions, which is O/A with net 60–120 days. There is no mortgage and interest borne on receivables.

4) Accounts payable

	December 31, 2024	December 31, 2023
Subsidiaries	$ -	$ 96

Accounts payable to related parties mainly come from purchase transactions and are due 90 days after the date of delivery of goods. There is no interest borne on accounts payable.

5) Asset transactions:

a) Acquisition of financial assets

	Financial statement account	Number of shares traded (shares)	Traded objects	Proceeds from acquisition in 2024
Subsidiary - EMC H	Investments accounted for using the equity method	25,565	VGmbH	$ 1,072,293
Subsidiary - CMC Entertainment Hub	〃	3,000,000	CMC Entertainment Hub	30,000
				$ 1,102,293

The Company did not acquire any financial assets in 2023.

b) Disposal of financial assets

	Financial statement account	Number of shares traded (shares)	Traded objects	Proceeds from disposal in 2024
Subsidiary - EMCH	Investments accounted for using the equity method	6,140	EMC H	$ 1,067,549

The Company did not dispose of financial assets to related parties in 2023.

Note: In November 2024, the Company acquired 100% equity of the sub-subsidiary VGmb H from the subsidiary EMC H for a purchase price of NT$1,072,293. Subsequently, EMC H conducted a cash reduction, refunding NT$1,067,549. Therefore, the Company paid NT$752 to the subsidiary EMC H after considering the exchange difference of NT$3,992; please refer to Note 6 (32) for details.

c) Acquisition of other assets

	Financial statement account	Proceeds from acquisition in 2024	Proceeds from acquisition in 2023
Subsidiary – TAIWANNET.COM	Other non-current assets	$ 509	$ 293
— Others	〃	47	-
		$ 556	$ 293

6) Operating expenses

	2024	2023
Subsidiaries	$ 63,539	$ 107,378

The main operating expense of the subsidiary is advertising expenses.

7) Other income

a) Rental income

	2024	2023
Subsidiary - Transtouch	$ 20,479	$ 20,578
— Others	3,215	3,350
	$ 23,694	$ 23,928

b) Other income

	2024	2023
Subsidiaries	$ 7,817	$ 6,644

8) Lending of funds to related parties

Borrowing from related parties

Year-end balance (listed under other payables - related parties)

	December 31, 2024	December 31, 2023
Subsidiary - SuperNet	$ 154,090	$ 27,635
— EMC H	321,293	300,909
	$ 475,383	$ 328,544

The loan from the subsidiary has not accrued interest.

9) Other receivables

	December 31, 2024	December 31, 2023
Subsidiaries	$ 6,167	$ 5,576

For other receivables from subsidiaries, they are mainly for the income from rent receivable, receipts under custody and payment on behalf of others.

10) Other payables

	December 31, 2024	December 31, 2023
Subsidiary - VJP	$ -	$ 13,507
— Others	3,112	8,379
	$ 3,112	$ 21,886

The other payables to the subsidiary mainly consist of advertising expenses and entertainment expenses payable.

11) Others

In 2024, the Company received cash dividends totaling NT$88,380 from its subsidiary, CHC. No such transactions occurred in 2023.

d. Information on the remunerations of the key management

	2024	2023
Salaries and other short-term employee benefits	$ 19,148	$ 15,627
Post-employment benefits	350	350
	$ 19,498	$ 15,977

8. Pledged assets

Details on the Company's assets pledged as collateral are as follows:

	Carrying amount value		
Asset items	December 31, 2024	December 31, 2023	Purpose of collateral
Restricted demand and time deposit (listed in financial assets at amortized cost - current and non-current)	$ 7,000	$ 10,111	Bank borrowings
Listed stocks (listed in financial assets at FVTPL - non-current)	2,227,180	2,386,710	〃
Property, plant and equipment	2,091,395	2,527,620	〃
Investment property	182,752	2,202	〃
Non-current assets held for sale	232,265	-	〃
	$ 4,740,592	$ 4,926,643	

9. Significant contingent liabilities and unrecognized contractual commitments

a. Contingencies: N/A.

b. Commitments:

1) Capital expenditure for contracts signed but not yet effective

	December 31, 2024	December 31, 2023
Property, plant and equipment	$ 10,196	$ 16,065

2) The Company has signed a licensing agreement for optical disc products with HP Inc. and One-Blue LLC, and will pay royalties to the company based on the sales volume of the relevant products or in installments based on the total amount.

3) Ununsed amount from letters of credit issued

Unit: NT$ thousands

	December 31, 2024	December 31, 2023
USD	$ 15	$ 780
NTD	-	94,191

10. Major Disaster Loss

None.

11. Material Events After the Balance Sheet Date

a. Please refer to Note 6 (22) 5 for the deficit compensation proposal for 2024 proposed by the Board of Directors on March 13, 2025.

b. Please refer to Note 6 (22) 6 for the capital surplus cash distribution for 2024 proposed by the Board of Directors on March 13, 2025.

12. Others

a. Capital management

The Company's capital management objectives are to ensure that the Company can continue as a going concern, maintain the best capital structure to reduce capital cost, and provide dividends to shareholders.

b. Financial instruments

1) Types of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)		
Financial assets mandatorily at fair value through profit or loss	$ 9,239,166	$ 8,178,579
Financial assets at FVTOCI		
Investment in designated equity instruments selected	$ 146,457	$ 217,430
Financial assets measured at amortized cost/loans and receivables		
Cash and cash equivalents	$ 1,415,677	$ 1,168,756
Financial assets at amortized cost - current and non-current	7,000	10,111
Notes receivable	566	136
Accounts receivable (including related parties)	974,308	917,041
Finance lease receivables (listed in other current and non-current assets)	54,163	45,380
Other receivables (including related parties)	158,072	44,509
Refundable deposits (listed in other non-current assets)	3,376	3,397
	$ 2,613,162	$ 2,189,330

	December 31, 2024	December 31, 2023
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trade	$ 313	$ 648
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 910,000	$ 450,000
Short-term notes payable	100,000	-
Notes payable	1,625	28,982
Accounts payable (including related parties)	285,174	300,769
Other payables (including related parties)	912,854	690,276
Long-term borrowing (including due within one year or one operating cycle)	4,793,000	3,945,000
Deposits received (listed in other current and non-current liabilities)	6,724	6,522
	$ 7,009,377	$ 5,421,549
Lease liabilities	$ 55,498	$ 63,424

2) Risk management policy

a) The Company's daily operations are affected by a number of financial risks, including market risks (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. In order to reduce the adverse effects of uncertainty on the financial performance of the Company, the Company engages in forward foreign exchange contracts and foreign exchange swap contracts to avoid exchange rate risk. The derivatives traded by the Company are for the purpose of hedging risks and are not used for trading or speculation.

b) Risk management is carried out by the Company finance department in accordance with the policies approved by the board of directors. The Company's Finance Department is responsible for identifying, evaluating, and avoiding financial risks through close collaboration with the Company's operating units. The Board of Directors has formulated principles for overall risk management, and also provided written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment using remaining liquidity.

c) For information on derivatives trading to avoid financial risks, please refer to Notes 6 (2) and (17) in detail.

3) Nature and level of material financial risks

a) Market risk

Exchange rate risk

i. The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (primarily USD, EUR and CNY) used by the Company. The exchange rate risk arises from future business transactions and assets and liabilities recognized.

ii. The management of the Company has established policies to regulate the Company's exchange rate risk in relation to its functional currency. The Finance Department shall hedge against the overall exchange rate risk. The exchange rate risk is measured by expected transactions with USD and CNY expenditures that are highly likely to occur. Forward foreign exchange contracts are used to reduce the impact of exchange rate fluctuations on the expected cost of inventory purchase.

iii. The Company uses forward foreign exchange contracts and foreign exchange swap contracts to hedge against exchange rate risk while hedging accounting is not applied.

iv. The Company's business involves a number of non-functional currencies (the functional currency of the Company is NTD). Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities influenced by significant exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currencies (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 32,806	32.785	$ 1,075,545
CNY: NTD	40,667	4.484	182,351
Non-monetary items			
USD: NTD	$ 85,660	32.785	$ 2,808,363
EUR: NTD	30,317	34.140	1,035,022
Financial liabilities			
Monetary items			
USD: NTD	$ 19,793	32.785	$ 648,914

	December 31, 2024		
	Foreign currencies (thousand)	Exchange rate	Carrying amount (NTD)
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 36,582	30.705	$ 1,123,250
CNY: NTD	21,724	4.328	94,021
Non-monetary items			
USD: NTD	$ 126,067	30.705	$ 3,870,887
Financial liabilities			
Monetary items			
USD: NTD	$ 14,979	30.705	$ 459,930

v. The total exchange gains (realized and unrealized) of the Company's monetary items, which are significantly affected by exchange rate fluctuations, amounted to NT$55,687 and NT$5,723 in 2024 and 2023, respectively.

vi. The Company's foreign currency market risk analysis due to significant influence of exchange rate fluctuations is as follows:

	2024		
	Sensitivity analysis		
	Exchange rate band	Effect on profit and loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 10,755	$ -
CNY: NTD	1%	1,824	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 6,489	$ -

	2023		
	Sensitivity analysis		
	Exchange rate band	Effect on profit and loss	Effect on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 11,233	$ -
CNY: NTD	1%	940	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 4,599	$ -

Price risk

i. The Company's equity instruments exposed to price risk are financial assets held at FVTPL and financial assets at FVTOCI. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio. Diversification of the portfolio is conducted in accordance with limits set by the Company.

ii. The Company primarily invests in equity instruments and open-end funds issued by domestic companies, and the price of such equity instruments is affected by the uncertainty of the future value of the investment target. If the price of said equity instruments rose or fell by 1%, with all other factors remaining unchanged, the net income (loss) after tax for 2024 and 2023 would have increased or decreased by NT$92,389 and NT$81,786, respectively, due to the gains or losses on equity instruments at FVTPL, and the other comprehensive income would have increased or decreased by NT$1,465 and NT$2,174, respectively, because of the gains or losses on the equity instrument investment at FVTOCI.

Interest rate risk of cash flow and fair value

i. The Company's interest rate risk mainly comes from long-term borrowings issued at floating interest rates, exposing the Group to the interest rate risk of cash flow. In 2024 and 2023, the Company's loans taken out at floating interest rates were mainly denominated in NTD.

ii. The Company's loans are measured at amortized cost and the annual interest rate will be repriced periodically according to the contracts. Therefore, the Company is exposed to the risk of future market interest rate changes.

iii. When the NTD borrowing interest rate rose or fell by 0.25%, while all other factors remained unchanged, the net income (loss) after tax would have decreased or increased by NT$9,586 and NT$7,890 in 2024 and 2023, respectively, as the interest expenses would change with the floating interest rates for the borrowings.

b) Credit risk

i. The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle the contractual cash flow of trade receivable in accordance with the payment terms.

ii. The Company has established credit risk management from the Company's perspective. For banks and financial institutions with whom it is dealing, only those with good credit ratings can be accepted as transaction counterparties. In accordance with the internal credit policy, the Company must conduct management and credit risk analysis of each new customer before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of customers by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored.

iii. In accordance with our credit risk management procedures, when contract payments exceed 300 days beyond the agreed payment terms, it is considered a default.

iv. The Company adopts IFRS 9 to set the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since initial recognition:

When a contract payment is overdue for more than 30 days in accordance with the agreed payment terms, it is deemed that the credit risk of a financial asset has increased significantly since the initial recognition.

v. The Company groups customers' trade receivable according to the customers' characteristics, and adopts a simplified approach to estimate expected credit losses based on a provision matrix and the loss rate method.

vi. After the recourse procedures, the Company writes off the amount of financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to carry out the legal recourse procedures to preserve the creditor's rights. In 2024 and 2023, the Company had no claims that had been written off nor recourse activities underway.

i) The Company adjusts the loss allowance for accounts receivable and accounts payable of customers with general credit conditions based on historical and current information, taking into account the forward-looking considerations of global economic information. The provision matrix as of December 31, 2024 and 2023 is as follows:

	Expected loss rate	Total carrying amount	Loss allowance	Total
December 31, 2024				
Not past due	7.7%	$ 19,433	($ 2,520)	$ 16,913
Overdue for 1–30 days	24.9%	2,820	(1,376)	1,444
Overdue for 31–60 days	30.2%	9,990	(3,361)	6,629
Overdue for 61–90 days	33.2%	696	(231)	465
Overdue for 91–180 days	40.4%~56.8%	14,907	(6,722)	8,185
Overdue for 181 or more	68.8%~100%	57,836	(54,121)	3,715
		$ 105,682	($ 68,331)	$ 37,351

	Expected loss rate	Total carrying amount	Loss allowance	Total
December 31, 2023				
Not past due	4.0%	$ 20,599	($ 830)	$ 19,769
Overdue for 1–30 days	10.0%	7,303	(727)	6,576
Overdue for 31–60 days	11.0%	13,013	(1,430)	11,583
Overdue for 61–90 days	12.2%	4,032	(491)	3,541
Overdue for 91–180 days	13.92~18.12%	7,767	(1,246)	6,521
Overdue for 181 or more	24.75~100%	45,590	(41,101)	4,489
		$ 98,304	($ 45,825)	$ 52,479

ii) For customers in the excellent credit group (not related parties), the Company does not consider expected credit loss to be significant, and thus, calculates expected credit loss using the loss rate method. The expected loss rate is 0.2%. As of December 31, 2024 and 2023, the total value of accounts receivable is NT$194,442 and NT$150,478, respectively, with allowances for losses of NT$394 and NT$303 respectively.

iii) For customers in the excellent credit group (related parties), as of December 31, 2024 and 2023, the total value of accounts receivable is NT$743,475 and NT$714,523, respectively. Thanks to the fact that 12-month expected credit impairment is not material, the loss allowance is both NT$0.

iv) Based on historical experience, the Company conducts individual assessments for customers with higher credit risk and calculates the expected credit loss at 100%. As of December 31, 2024, and 2023, the total amounts classified as receivables under collection and loss allowance were NT$107,784 and NT$108,200, respectively.

v) The total carrying value of finance lease receivables (please refer to Note 6 (10)) as of December 31, 2024 and 2023, was NT$54,163 and NT$45,380, respectively. Owing to good credit risk, the expected 12-month credit impairment was not significant, so the allowance for loss is both NT$0.

vi) The financial assets held by the Company, measured at amortized cost, consist of time deposits with original maturities exceeding three months, as well as restricted bank deposits and time deposits. There are no significant anomalies in the credit risk of the counterparties.

viii. The table of the changes in the Company's simplified loss allowance for notes and trade receivable (including related parties), other receivables (including related parties), and overdue receivables is as follows:

	2024			
	Notes receivable and trade receivable (including related parties)	Other receivables (including related parties)	Overdue receivables	Total
January 1	$ 46,128	$ 8,420	$ 108,200	$ 162,748
Impairment loss provision	22,597	-	-	22,597
Reversal of impairment loss	-	-	(416)	(416)
December 31	$ 68,725	$ 8,420	$ 107,784	$ 184,929

	2023			
	Notes receivable and trade receivable (including related parties)	Other receivables (including related parties)	Overdue receivables	Total
January 1	$ 23,087	$ 1,104,215	$ 139,437	$ 1,266,739
Impairment loss provision	23,041	-	-	23,041
Reversal of impairment loss	-	-	(452)	(452)
Write-off of unrecoverable accounts	-	-	(30,785)	(30,785)
Sun Well Solar Liquidation	-	(1,095,178)	-	(1,095,178)
Others	-	(617)	-	(617)
December 31	$ 46,128	$ 8,420	$ 108,200	$ 162,748

In the losses recognized in 2024 and 2023, the impairment (losses) gains arising from receivables from customer contracts were NT$22,181 and NT$22,589, respectively.

c) Liquidity risk

i. The cash flow forecast is executed by each operating entity in the Company and is compiled by the Company’s Finance Department. The Company's Finance Department monitors the forecast of the Company's liquidity requirements to ensure that it has sufficient funds to meet operational needs.

ii. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities that are settled on a net or total basis, grouped according to the relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

December 31, 2024 Non-derivative financial liabilities:	Within 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings (including estimated interest)	$ 912,538	$ -	$ -	$ -
Short-term notes payable	100,000	-	-	-
Notes payable	1,625	-	-	-
Accounts payable	285,174	-	-	-
Other payables	912,854	-	-	-
Lease liabilities	10,011	10,326	36,480	2,280
Long-term borrowings (including due within one year or one operating cycle and estimated interest)	1,298,166	3,442,228	196,134	-
Deposits received (listed in non-current liabilities)	-	-	4,402	2,322
Derivative financial liabilities				
Forward exchange agreements	$ 313	$ -	$ -	$ -

December 31, 2023 Non-derivative financial liabilities:	Within 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings (including estimated interest)	$ 450,630	$ -	$ -	$ -
Notes payable	28,982	-	-	-
Accounts payable	300,769	-	-	-
Other payables	690,276	-	-	-
Lease liabilities	10,011	8,700	36,375	11,400
Long-term borrowings (including due within one year or one operating cycle and estimated interest)	999,018	1,276,291	1,815,595	-
Deposits received (listed in other current and non-current liabilities)	180	-	4,650	1,692
Derivative financial liabilities				
Forward exchange agreements	$ 648	$ -	$ -	$ -

iii. The details of the unused loan limits of the Company are as follows:

	December 31, 2024	December 31, 2023
Floating interest rate		
Expires within one year	$ 1,681,495	$ 1,779,935
Expires after more than one year	825,000	1,970,000
	$ 2,506,495	$ 3,749,935

c. Fair value information:

1) The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date. An active market refers to a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the listed stocks and beneficiary certificates invested by the Company belong to this level.

Level 2: Inputs, other than quoted market prices within level 1 that are observable, either directly or indirectly for assets or liabilities. The fair value of most of the derivatives and investment property invested by the Company belongs to this level.

Level 3: Unobservable asset or liability inputs. The equity instruments without active markets invested by the Company belong to this level.

2) For information regarding the fair value of investment properties measured at cost, please refer to Note 6 (11) for details.

3) Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, trade receivable, other receivables, financial assets at amortized cost, refundable deposits (listed in other current and non-current assets), overdue receivables (listed in other non-current assets), short-term borrowings, notes payable, accounts payable, other payables, lease liabilities, long-term borrowings (including due within one year or one operating cycle), guarantee deposits received (listed in other non-current liabilities), and long-term notes and trade payable (listed in other non-current liabilities), are reasonable approximations of the fair values.

4) Financial and non-financial instruments measured at fair value are classified by the Company based on the nature, characteristics, risk, and the level of fair value of assets and liabilities. The relevant information is as follows:

a) The Company's classification is based on the nature of assets and liabilities. The relevant information is as follows:

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss (FVTPL)				
Equity securities	$ 9,208,887	$ -	$ 30,000	$ 9,238,887
Derivative instruments	-	279	-	279
Financial assets at FVTOCI	-	-	-	
Equity securities	-	-	146,457	146,457
	$ 9,208,887	$ 279	$ 176,457	$ 9,385,623
Liabilities				
Fair value on a recurring basis				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 313	$ -	$ 313

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets at fair value through profit or loss (FVTPL)				
Equity securities	$ 8,072,656	$ -	$ 51,000	$ 8,123,656
Beneficiary certificates	50,000	-	-	50,000
Derivative instruments	-	4,923	-	4,923
Financial assets at FVTOCI				
Equity securities	-	-	217,430	217,430
	$ 8,122,656	$ 4,923	$ 268,430	$ 8,396,009
Liabilities				
Fair value on a recurring basis				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 648	$ -	$ 648

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

i. The market quoted prices adopted by the Company as fair value inputs (i.e. Level 1) are listed below by characteristics:

	Listed stocks
Market quoted prices	Closing price

ii. Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is obtained through valuation techniques or with reference to the quoted prices of counterparties.

iii. When evaluating non-standard and less complex financial instruments, the Company adopts the valuation techniques widely used by market participants. The parameters used in the valuation models for such financial instruments are usually market observable information.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present discounted value techniques and option pricing models. Forward exchange contracts are usually valued based on current forward exchange rates.

v. The output of the valuation models is an estimated value, and the valuation techniques may not reflect all the relevant factors of the financial instruments and non-financial instruments held by the Company. Therefore, the estimated value of the valuation models will be appropriately adjusted according to additional parameters.

5) There were no transfers between Level 1 and Level 2 fair value in 2024 and 2023.

6) The table below shows the changes in Level 3 fair value in 2024 and 2023:

	2024	2023
	Equity instruments	Equity instruments
January 1	$ 268,430	$ 53,243
Acquisition of equity instruments measured at fair value through profit or loss	30,000	51,000
Listed in unrealized gain/loss on investments in equity instruments at FVTOCI	(70,973)	164,187
Transfer out of Level 3 (please refer to 7 below)	(51,000)	-
December 31	$ 176,457	$ 268,430

7) Due to Pell BMT Ltd.'s listing on the TWSE's Taiwan Innovation Board in March 2024, the trading volume in the market has steadily increased, leading to the availability of sufficient observable market information. Consequently, the Group has transfer the fair value from Level 3 to Level 1 at the end of the month in which this event occurs.

There were no transfers into or out of Level 3 fair value in 2023.

8) In the Company's valuation process for fair value classified as Level 3, the strategic investment department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable.

9) The quantitative information on the significant unobservable inputs of the valuation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input change are explained as follows:

	Fair value on December 31, 2024	Valuation techniques	Significant unobservable inputs	Interval (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Unlisted stocks	$ 146,457	Comparable public company approach	Price-to-earnings ratio, price-to-book ratio, enterprise value-to-operating income ratio, enterprise value-to-earnings before interest, taxes, depreciation, and amortization ratio, and lack of market liquidity discount	N/A	The higher the multiple, the higher the fair value; the higher the discount for market liquidity, the lower the fair value.
Stocks of venture capital companies	30,000	Net asset value method	N/A	N/A	N/A

	Fair value on December 31, 2023	Valuation techniques	Significant unobservable inputs	Interval (weighted average)	Relationship between input and fair value
Non-derivative equity instruments:					
Unlisted stocks	$ 268,430	Comparable public company approach	Price-to-earnings ratio, price-to-book ratio, enterprise value-to-operating income ratio, enterprise value-to-earnings before interest, taxes, depreciation, and amortization ratio, and lack of market liquidity discount	N/A	The higher the multiple, the higher the fair value; the higher the discount for market liquidity, the lower the fair value.

10) The Group has selected valuation model and valuation parameters after careful evaluation, but different valuation results may occur due to the use of different valuation models or

valuation parameters. Regarding financial assets classified as Level 3, if there are any changes in the valuation parameters, they will affect the profit or loss of the current period and other comprehensive income. Such impact is shown as follows:

			December 31, 2024			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input value	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Market price	±1%	$ 300	($ 300)	$ 1,465	($ 1,465)

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input value	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial assets						
Equity instruments	Market price	±1%	$ 510	($ 510)	$ 2,174	($ 2,174)

13. Supplementary Disclosures

a. Information on significant transactions

1) Loans to others: Table 1.
2) Endorsements/Guarantees provided to others: Table 2.
3) Marketable securities held at the end of the period (disclosing those amounting to at least NT$100 million while excluding investment in subsidiaries, associates, and joint ventures): Table 3.
4) Marketable securities acquired or sold amounting to at least NT$300 million or 20% of the paid-in capital: Table 4.
5) Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: N/A.
6) Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: N/A.
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 6.
9) Trading in derivative instruments: Please refer to Notes 6 (2) and 6 (17) for details.
10) Business relations and important transactions between the parent company and its

subsidiaries and between subsidiaries and their amount: Table 7.

b. Information on investees

Information on name and location of investees (disclosing those with original investment amounting to at least NT$200 million at the end of the period while excluding investees in mainland China): Table 8.

c. Information on investments in mainland China

1) Basic information: Table 9.

2) Significant transactions with investees in mainland China, either directly or indirectly, through a business in a third region, the prices, payment terms, and unrealized gains or losses: Note 7: Related-party transactions and Note 13 (1) 10.

d. Information on Major Shareholders

Information on major shareholders: Table 10.

14. Segment Information

N/A.

CMC Magnetics Corporation

Loans to Others

January 1 to December 31, 2024

Table 1

Unit: NT$ thousands

(Unless specified otherwise)

No. (Note 1)	Lender	Borrower	Current account (Note 2)	Related party status	Highest amount of the period (Note 3)	Closing balance (Note 10)	Actual amount drawn down	Range of interest rates (%)	Nature of loan (Note 4)	Amount of transactions (Note 5)	Reason for short-term financing (Note 6)	Loss allowance provided	Collateral		Limit for individual borrower	Total limit	Remarks
													Name	Value			
1	EMC H	Fortune (Jiangsu) Multimedia	Other receivables	Y	$ 218,208	$ 201,780	$ 201,780	-	2	$ -	Working capital	$ -	-	$ -	$ 341,247	$ 909,992	Note 8, Note 10
1	EMC H	VJP	Other receivables	Y	22,180	20,960	20,960	-	2	-	Working capital	-	-	-	341,247	909,992	Note 8, Note 10
1	EMC H	CMC	Other receivables	Y	322,420	321,293	321,293	-	2	-	Working capital	-	-	-	1,137,490	909,992	Note 8, Note 10
1	EMC H	F5 Holdings	Other receivables	Y	6,580	6,557	6,557	-	2	-	Working capital	-	-	-	341,247	909,992	Note 8, Note 10
2	SuperNet	CMC	Other receivables	Y	166,427	154,090	154,090	-	2	-	Working capital	-	-	-	223,337	178,669	Note 9, Note 10
3	Fortune (Jiangsu) Electronic	Sun Biotech Limited	Other receivables	Y	17,275	17,039	17,039	3.35	2	-	Working capital	-	-	-	50,059	50,059	Note 7, Note 10

Note 1: The information on such transactions between the Company and its subsidiaries shall be indicated in the No. column as follows:
(1) The Company is coded “0”.
(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: For any transaction recognized in amount receivable from associates, amount receivable from related parties, shareholders' transactions, advance payments, temporary debits, etc., in the case of a fund lent to others, this field shall be entered.

Note 3: The highest balance of funds loaned to others in the current year.

Note 4: The nature of lending of funds shall be listed as business transactions or necessary for short-term financing.
(1) In the case of business transactions, please enter 1.
(2) If there is a need for short-term financing, please enter 2.

Note 5: If the nature of lending of funds belongs to business transactions, the amount of business transactions shall be entered. The amount of business transactions refers to the amounts of business transactions between the lender and the borrower in the most recent year.

Note 6: If the nature of lending of funds belongs to a need for short-term financing, the reasons for the necessity of the lending and the purpose of borrowing, such as repayment of loans, purchase of equipment, or working capital shall be specified.

Note 7: The upper limit on the funds lent is 40% of the current net worth of the lender.
The limit on the funds lent to each entity is 40% of the net worth of the lender.

Note 8: The upper limit on the funds lent is 40% of the current net worth of the lender.
For subsidiaries in which the Company holds 50% of the shares directly and indirectly without business conducted between both parties, the limit on the funds lent to each of said subsidiaries is capped at 15% of the Company's net worth.
For the parent company of the Company and foreign companies in which the parent company holds 100% of the shares directly and indirectly, the limit on the funds lent shall not exceed 50% of the Company's current net worth.

Note 9: The upper limit on the funds lent is 40% of the current net worth of the lender. For the parent company of the Company and foreign companies in which the parent company holds 100% of the shares directly and indirectly, the limit shall not exceed 50% of the Company's net worth.

Note 10: The translation is based on the original currency multiplied by the exchange rate at the end of the period.

CMC Magnetics Corporation
Endorsements/Guarantees Provided to Others
January 1 to December 31, 2024

Table 2

Unit: NT$ thousands

(Unless specified otherwise)

No. (Note 1)	Company name (Endorsement/Guarantee provider)	Party endorsed/guaranteed		Limit of endorsement/guarantee for a single entity	Maximum endorsement/guarantee balance for the current period (Note 4)	Balance of endorsement/guarantee, end of period (Note 5)	Actual amount drawn down (Note 6)	Endorsement/Guarantee secured with collateral	Cumulative endorsements/guarantees to the net equity in the latest financial statements (%)	Upper limit of endorsements/guarantees	Parent to subsidiary (Note 7)	Subsidiary to Parent (Note 7)	To entity in mainland China (Note 7)	Note
		Company name	Relationship (Note 2)											
1	CMC Entertainment	CMC Entertainment Hub	4	$ 50,995	$ 1,632	$ 1,174	$ -	$ -	0.69	$ 50,995	N	N	N	Note 3

Note 1: The description of no. column is as follows:

(1) The issuer is coded "0".

(2) The investees are coded sequentially beginning from "1" by each individual company.

Note 2: There are seven types of relationships between the endorsement/guarantee provider and the endorsed/guaranteed party. Just enter the code:

(1) A company with which it conducts business.

(2) A subsidiary in which the Company holds at least 50% of the voting shares directly and indirectly.

(3) A company that holds at least 50% of the Company's voting shares directly and indirectly.

(4) Between companies in which the Company holds at least 90% of the voting shares directly and indirectly.

(5) Between companies in the same industry or joint applicants to undertake projects who are required to provide mutual endorsements/guarantees to the other company in accordance with the contractual terms.

(6) Companies that are endorsed and guaranteed by all shareholders based on their shareholding ratios because of a joint investment relationship.

(7) The joint guarantee for the performance of a pre-sale property sales contract between entities in the same industry in accordance with the Consumer Protection Act.

Note 3: The upper limit of CMC Entertainment endorsements/guarantees to external entities shall not exceed 30% of its net worth of the current period, and the limit of endorsement/guarantee to a single enterprise shall not exceed 30% of its net worth of the current period.

Note 4: The maximum balance of endorsements/guarantees provided to others in the current year.

Note 5: As of the balance sheet date, when the amount of an endorsement/guarantee contract or bill signed by the Company with a bank is approved, the Company shall assume the endorsement/ guarantee responsibility; other relevant endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: The actual amount drawn down by the endorsed/guaranteed company within the endorsement/guarantee balance shall be entered.

Note 7: "Y" shall be entered only for the endorsement/guarantee provided by the publicly listed parent company to subsidiary, by subsidiary to the publicly listed parent company, and to entities in mainland China.

Note 8: As of December 31, 2024, CMC's balance of customs guarantee provided to the Customs Office for post-release duty payments was NT$3,000.

As of December 31, 2024, Transtouch's balance of customs guarantee provided to the Customs Office for post-release duty payments was NT$1,833.

CMC Magnetics Corporation

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)

December 31, 2024

Table 3

Unit: NT$ thousands

(Unless specified otherwise)

Securities held by	Type and name of securities (Note 1)	Relationship with securities issuer	General ledger account	End of period: Number of shares	End of period: Carrying amount (Note 2)	End of period: Shareholding percentage (%)	End of period: Fair value	Remarks
CMC	Stock of Taiwan High Speed Rail Corporation		Financial assets at fair value through profit or loss - current	115,639,000	$ 3,214,764	2.05	$ 3,214,764	
	Stock of Evergreen Marine Corporation		"	542,000	121,950	0.03	121,950	
	Stock of Chateau International Development Company Limited		"	15,813,020	536,061	11.04	536,061	
	Stock of Yang Ming Marine Transport Corporation		"	8,534,000	646,024	0.24	646,024	
	Stock of Silicon Integrated Systems Corp.		"	2,916,050	207,623	0.57	207,623	
	Stock of Tainan Enterprises Co., Ltd.		"	12,546,000	442,874	8.58	442,874	
	Stock of Taiwan Semiconductor Manufacturing Co., Ltd.		"	275,000	295,625	-	295,625	
	Stock of Dynapack International Technolgy Corporation		"	1,380,000	289,800	0.91	289,800	
	Stock of Farglory Hotel Co., Ltd.		"	3,998,000	107,546	3.81	107,546	
	Stock of Quanta Computer Inc.		"	2,180,000	625,660	0.06	625,660	
	Stock of Hon Hai Precision Industry Co., Ltd.		"	2,077,000	382,168	0.01	382,168	
	Stock of Wistron Corporation, etc.		"		111,612		111,612	
					$ 6,981,707		$ 6,981,707	
	Stock of Taiwan High Speed Rail Corporation		Financial assets at FVTPL - non-current	68,700,000	$ 1,909,860	1.22	$ 1,909,860	Note 3
	Stock of Chateau International Development Company Limited		"	3,800,000	128,820	2.65	128,820	Note 3
	Stock of Farglory Hotel Co., Ltd.		"	5,000,000	134,500	4.76	134,500	Note 3
	Stock of Evergreen Marine Corporation		"	240,000	54,000	0.01	54,000	Note 3
	Stock of Dunpin No. 2 Innovative Investment Co., Ltd., etc.		"		30,000		30,000	
					$ 2,257,180		$ 2,257,180	
	Stock of Strand Europe		Financial assets at FVTOCI - non-current	100,000	$ 146,457	11.14	$ 146,457	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: For those measured at fair value, please fill in the carrying amount after fair value valuation adjustment.

Note 3: As of December 31, 2024, the Company has provided 77,740 thousand shares of marketable securities (with a book value of NT$2,227,180) as collateral for pledge.

CMC Magnetics Corporation

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)

December 31, 2024

Table 3

Unit: NT$ thousands

(Unless specified otherwise)

Securities held by	Type and name of securities (Note 1)	Relationship with securities issuer	General ledger account	End of period: Number of shares	End of period: Carrying amount (Note 2)	End of period: Shareholding percentage (%)	End of period: Fair value	Remarks
CHC	Stock of Taiwan High Speed Rail Corporation		Financial assets at fair value through profit or loss - current	27,926,000	$ 776,343	0.50	$ 776,343	
	Millerful No.1 REIT		"	16,340,332	163,567	0.01	163,567	
	Stock of Silicon Integrated Systems Corp.		"	4,418,500	314,597	0.86	314,597	
	Stock of Farglory Hotel Co., Ltd., etc.		"		186,029		186,029	
					$ 1,440,536		$ 1,440,536	
	Stock of Tainan Enterprises Co., Ltd.		Financial assets at FVTPL - non-current	9,522,000	$ 336,127	6.52	$ 336,127	Note 3
	Stock of Chung Hsin Electric & Machinery Manufacturing Corporation		"	2,256,730	347,537	0.45	347,537	Note 3
	Stock of Taiwan High Speed Rail Corporation		"	14,500,000	403,100	0.26	403,100	Note 3
	Stock of Chateau International Development Company Limited		"	7,221,500	244,809	5.04	244,809	Note 3
	Stock of Farglory Hotel Co., Ltd.		"	5,800,000	156,020	5.52	156,020	Note 3
	Stock of Beiley Biofund Co., Ltd.		"	5,000,000	54,068		54,068	
					$ 1,541,661		$ 1,541,661	
	Stock of Gaius Automotive Inc.		Financial assets at FVTOCI - non-current		$ 105,660		$ 105,660	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: For those measured at fair value, please fill in the carrying amount after fair value valuation adjustment.

Note 3: As of December 31, 2024, CHC provided 28,600 thousand shares of marketable securities (Carrying amount: NT$966,890) as pledge guarantee.

CMC Magnetics Corporation

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)

December 31, 2024

Table 3

Unit: NT$ thousands

(Unless specified otherwise)

Securities held by	Type and name of securities (Note 1)	Relationship with securities issuer	General ledger account	End of period: Number of shares	End of period: Carrying amount (Note 2)	End of period: Shareholding percentage (%)	End of period: Fair value	Note
CIA	Stock of Transpac Corporation, etc.		Financial assets at FVTOCI - non-current		$ 18,592		$ 18,592	
Supernet	Stock of Sands China Limited, etc.		Financial assets at fair value through profit or loss - current		$ 95,227		$ 95,227	
	HSBC Commercial Bank Bonds		"		60,842		60,842	
					$ 156,069		$ 156,069	
	Private Equity Fund - China Economic Cooperation Fund No. 9, etc.		Financial assets at FVTPL - non-current		$ 66,620		$ 66,620	
	Stock of Blue Rain Capital Co., Ltd., etc.		Financial assets at FVTOCI - non-current	1,250	$ 29,618	3.36	$ 29,618	
CMC Entertainment	Stock of Mandarin Vision Co., Ltd.		Financial assets at FVTOCI - non-current		$ 2,955		$ 2,955	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: For those measured at fair value, please fill in the carrying amount after fair value valuation adjustment.

CMC Magnetics Corporation

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures)

December 31, 2024

Table 3

Unit: NT$ thousands

(Unless specified otherwise)

Securities held by	Type and name of securities (Note 1)	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares	Carrying amount (Note 2)	Shareholding percentage (%)	Fair value	
DELTAMAC (TAIWAN)	Yuan Da Taiwan High Dividend Securities Investment Trust and other funds.		Financial assets at FVTPL - non-current		$ 13,256		$ 13,256	
	Ordinary shares of Chunghwa Telecom Co., Ltd., etc.		Financial assets at FVTOCI - non-current		$ 84,373		$ 84,373	
Transtouch	Cathay United American Multiple Income Balanced Fund, etc.		Financial assets at fair value through profit or loss - current		$ 52,710		$ 52,710	
	Stock of Taiwan Semiconductor Manufacturing Co., Ltd.		"		8,600		8,600	
					$ 61,310		$ 61,310	
	Privately offered fund—First Financial–UBS Global Real Estate Private Equity Securities Investment Trust Fund		Financial assets at FVTPL -non-current		$ 9,737		$ 9,737	
	Ordinary shares of Chunghwa Telecom Co., Ltd., etc.		Financial assets at FVTOCI - non-current		$ 106,291		$ 106,291	
	CBY Foreign Bonds of Emirates NBD Bank PJSC		Financial assets at amortized cost - non-current		$ 8,981		$ 8,981	
EMC H	CDIB Yida Private Equity (Kunshan) Biomedical Equity Investment Fund		Financial assets at FVTOCI - non-current		$ 40,319		$ 40,319	
Fortune (Jiangsu) Electronic	CDIB Yida Private Equity (Kunshan) Investment Fund		Financial assets at FVTOCI - non-current		$ 57,631		$ 57,631	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: For those measured at fair value, please fill in the carrying amount after fair value valuation adjustment.

CMC Magnetics Corporation

Marketable Securities Acquired or Sold Amounting to at Least NT$300 Million or 20% of the Paid-in Capital

January 1 to December 31, 2024

Table 4

Unit: NT$ thousands

(Unless specified otherwise)

Trading company	Type and name of securities (Note 1)	General ledger account	Counter party (Note 2)	Relationship (Note 2)	Beginning of period (Note 3)		Acquired (Note 4)		Sold (Note 4)				End of period (Note 6)		Remarks
					Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Selling price	Book cost	Gains or losses on disposal	Number of shares (thousand shares)	Amount	
CMC	Stock of Taiwan High Speed Rail Corporation	Financial assets at FVTPL - current and non-current	-	-	116,988	$ 3,600,716	69,679	$ 2,095,508	2,328	$ 69,248	$ 71,089	$ (1,841)	184,339	$ 5,124,624	
"	Stock of Evergreen Marine Corporation	"	-	-	9,277	1,447,265	20,620	3,731,148	29,115	5,291,968	5,006,533	285,435	782	175,950	
"	Stock of Yang Ming Marine Transport Corporation	Financial assets at fair value through profit or loss - current	-	-	15,247	866,097	87,622	5,810,736	94,335	6,257,016	6,033,054	223,962	8,534	646,024	
"	Stock of MediaTek Inc.	"	-	-	70	65,796	971	1,069,073	1,041	1,157,588	1,134,869	22,719	-	-	
"	Stock of Chung Hsin Electric & Machinery Manufacturing Corporation	"	-	-	-	-	6,196	1,071,128	6,046	1,049,054	1,047,805	1,249	150	23,100	
"	Stock of Compeq Manufacturing Co., Ltd.	"	-	-	-	-	16,744	1,165,813	16,744	1,161,050	1,165,813	(4,763)	-	-	
"	Stock of Taiwan Semiconductor Manufacturing Co., Ltd.	"	-	-	105	60,356	3,185	2,936,141	3,015	2,808,737	2,706,165	102,572	275	295,625	
"	Stock of ASUSTeK Computer Inc.	"	-	-	-	-	2,304	1,211,123	2,304	1,231,087	1,211,123	19,964	-	-	
"	Stock of Silicon Integrated Systems Corp.	"	-	-	10,793	514,950	20,098	1,424,616	27,975	1,830,061	1,733,159	96,902	2,916	207,623	
"	Stock of Quanta Computer Inc.	"	-	-	-	-	10,552	2,982,710	8,372	2,370,898	2,348,374	22,524	2,180	625,660	
"	Stock of Jarllytec Co., Ltd.	"	-	-	-	-	1,825	385,232	1,825	366,500	385,232	(18,732)	-	-	
"	Stock of Hon Hai Precision Industry Co., Ltd.	"	-	-	-	-	4,090	800,134	2,013	398,966	400,707	(1,741)	2,077	382,168	
"	Stock of Dynapack International Technolgy Corporation	"	-	-	-	-	5,551	1,105,370	4,171	835,606	824,034	11,572	1,380	289,800	
"	Equity of Verbatim GmbH	Investments accounted for using the equity method	EMC H	Subsidiaries	-	-	-	1,037,340	-	44,516	44,516	-	-	992,824	Notes 7, 8, 9, 10, and 11
CHC	Stock of Silicon Integrated Systems Corp.	Financial assets at fair value through profit or loss - current	-	-	1,090	49,739	38,309	2,486,991	34,980	2,232,721	2,210,247	22,474	4,419	314,597	
SuperNet	Stock of Sands China Limited	Financial assets at fair value through profit or loss - current	-	-	768	75,966	9,945	852,708	9,638	825,669	837,551	(11,882)	1,075	94,891	Note 7
EMC H	Equity of Verbatim GmbH	Investments accounted for using the equity method	CMC	Parent company	-	1,033,211	-	-	-	1,033,211	1,033,211	-	-	-	Notes 7, 8, 9, 10, and 11

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from the items above.
Note 2: For securities recognized as investments accounted for using the equity method, these two columns must be entered, with the remaining columns left blank.
Note 3: The initial amount is the original investment cost.
Note 4: Accumulated amounts of marketable securities acquired or disposed of shall be calculated separately based on market prices to determine whether they amount to $300 million or 20% of the paid-in capital.
Note 5: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to owners of the parent company on the balance sheet.
Note 6: The year-end amount includes unrealized gains or losses on valuation.
Note 7: Valuation is done based on the exchange rate as of December 31, 2024.
Note 8: The subject pertains to the unissued shares of a limited company.
Note 9: This is a transaction for the adjustment of the investment structure within the group, and according to relevant official interpretations, there is no disposal of gains or losses.
Note 10: The sales figures encompass the investment gains and losses recognized during the current period, along with adjustments for changes in net value.
Note 11: On August 13, 2024, the Board of Directors of the Company approved the acquisition of 100% equity in its sub-subsidiary, Verbatim GmbH, from its subsidiary, EMC H. The transaction was completed in November 2024. After accounting for related equity method adjustments, the carrying amount as of December 31, 2024 was NT$992,824.

CMC Magnetics Corporation

Total Purchases from or Sales to Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

January 1 to December 31, 2024

Table 5

Unit: NT$ thousands

(Unless specified otherwise)

Companies engaged in the purchase (sale) of goods	Counterparty	Relationship	Transaction				Situation and reason that transaction conditions are different from general ones (Note 1)		Notes/Accounts receivable (payable)		Remarks (Note 2)
			Purchase (Sale)	Amount	Proportion to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Proportion to total notes/accounts receivable (payable)	
CMC	Fortune (Jiangsu) Multimedia	Subsidiary of sub-subsidiary	Sale	$ 259,896	9%	As it is between parent and sub-subsidiary, the credit period is slightly longer than that of general customers	Equivalent to non-related party	As it is between parent and sub-subsidiary, the credit period is slightly longer than that of general customers	$ 97,063	10%	
〃	VUS	〃	Sale	428,290	16%	〃	〃	〃	188,548	19%	
〃	VJP	Sub-subsidiary	Sale	703,705	26%	No significant difference from general transactions	〃	No significant difference from general transactions	383,076	39%	
〃	VGmbH	Subsidiaries	Sale	239,516	9%	〃	〃	〃	61,255	6%	

Note 1: If related-party transaction terms are different from general transaction terms, situations and reasons for the differences shall be specified in the unit price and the credit period columns.

Note 2: In case of advance receipts (prepayments), reasons, the terms of the agreement, the amount and differences from the general transactions shall be specified in the Remarks column.

CMC Magnetics Corporation

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2024

Table 6

Unit: NT$ thousands

(Unless specified otherwise)

Company under accounts receivable	Counterparty	Relationship	Balance of accounts receivable from related parties (Note 1)	Turnover rate (times)	Overdue receivables from related parties		Recovered amount from related party after balance sheet date	Loss allowance provided
					Amount	Response method		
CMC	VJP	Sub-subsidiary	$ 383,076	1.92	$ 133,542	-	$ 140,753	$ -
〃	VUS	Subsidiary of sub-subsidiary	188,548	2.31	-	-	47,317	-
EMC H	Fortune (Jiangsu) Multimedia	Sub-subsidiary	201,780	Note 2	-	-	-	-
〃	CMC	Ultimate parent company	321,293	Note 2	-	-	-	-
SuperNet	〃	〃	154,090	Note 2	-	-	-	-

Note 1: Please enter respectively according to trade receivable from related parties, notes receivables, other receivables, etc.

Note 2: It is other receivables arising from funds lent, so it is not applicable.

CMC Magnetics Corporation

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts

January 1 to December 31, 2024

Table 7

Unit: NT$ thousands

(Unless specified otherwise)

No. (Note 1)	Company	Counterparty	Nature of relationship (Note 2)	Transaction details: Account	Transaction details: Amount (Note 6)	Transaction details: Transaction conditions	Transaction details: Proportion to total consolidated revenue or assets (Note 3)
0	CMC	Fortune (Jiangsu) Multimedia	1	Sale	$ 259,896	Note 4	3.50%
〃	〃	〃	1	Accounts receivable	97,063	Note 4	0.37%
〃	〃	VJP	1	Sale	703,705	Note 4	9.46%
〃	〃	〃	1	Accounts receivable	383,076	Note 4	1.47%
〃	〃	VUS	1	Sale	428,290	Note 4	5.76%
〃	〃	〃	1	Accounts receivable	188,548	Note 4	0.72%
〃	〃	VGmbH	1	Sale	239,516	Note 4	3.22%
〃	〃	〃	1	Accounts receivable	61,255	Note 4	0.23%
1	EMC H	Fortune (Jiangsu) Multimedia	1	Other receivables	201,780	Note 5	0.77%
〃	〃	CMC	2	Other receivables	321,293	Note 5	1.23%
2	SuperNet	〃	2	Other receivables	154,090	Note 5	0.59%

Note 1: The information on transactions between the parent company and its subsidiaries shall be indicated in the no. column as follows:
(1) The parent company is coded “0”
(2) The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: There are three types of relationships with the company. Just enter the code:
(1) Parent to subsidiary
(2) Subsidiary to parent
(3) Between subsidiaries

Note 3: Regarding the proportion of transaction amount to the total consolidated revenue or assets, if it is recognized in the balance sheet account, it is shown with the ending balance as a percentage of the total consolidated assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the total consolidated revenue.

Note 4: The Company's transaction price for related parties is equivalent to that for non-related parties; the payment term for overseas subsidiaries and sub-subsidiaries is 75 to 180 days after the arrival of goods. The payment term for general overseas customers is 30 to 120 days after the arrival of goods, and for general domestic customers, it is open account (O/A) with net 30 to 120 days.

Note 5: It refers to receivable for funds lent and dividend receivable.

Note 6: Individual amounts less than NT$50,000 will not be disclosed, and the transactions between both parties will no longer be disclosed.

CMC Magnetics Corporation

Information on Name and Location of Investees (Excluding Investees in Mainland China)

January 1 to December 31, 2024

Table 8

Unit: NT$ thousands

(Unless specified otherwise)

Name of investor	Name of investee (Notes 1, 2)	Location	Principal business	Original investment cost: End of current period	Original investment cost: End of last year	Shares held at the end of period: Number of shares	Shares held at the end of period: Percentage (%)	Shares held at the end of period: Carrying amount	Profit or loss on investee (Note 2 (2))	Investment gains or losses recognized for current period (Note 2 (3))	Remarks
CMC	EMC H	Cayman Islands	Professional investment company	$ 9,386,306	$ 10,453,855	55,387	100.00	$ 2,177,983	($ 373,394)	($ 309,185)	Subsidiary of the Company
〃	CIA	Cayman Islands	Professional investment company	872,018	872,018	29,688,245	86.35	475,976	5,490	4,741	〃
〃	CHC	Taiwan	Investment in various production businesses	180,421	180,421	261,595,273	100.00	3,404,547	(145,770)	(159,705)	〃
〃	CMC Entertainment	Taiwan	Film production and distribution industry	714,888	714,888	18,956,000	100.00	169,983	1,221	1,221	〃
〃	Transtouch	Taiwan	Production and sales of touch panels and other products	480,058	509,721	14,290,223	48.96	311,311	(27,127)	(14,526)	〃
〃	DELTAMAC (TAIWAN)	Taiwan	Sales of audio-visual CD products	365,168	377,635	14,407,015	37.64	144,804	(21,955)	(8,481)	〃
〃	CMC Entertainment Hub	Taiwan	Shopping mall business	290,000	260,000	16,300,000	100.00	54,094	(12,797)	(12,797)	〃
〃	VGmbH	Germany	Trading of storage media and electronic products	1,031,012	-	-	100.00	992,824	65,228	39,936	〃
EMC H	F5	U.S.	Professional investment company	3,591,096	3,591,096	23,064	100.00	755,891	(269,815)	-	Sub-subsidiary of the Company (Note 3)
〃	MFLLC	U.S.	Professional investment company	1,283,980	1,283,980	-	100.00	276,669	(17,311)	-	〃
〃	Jet-Thai	Thailand	Production and sales of optical discs	-	3,695,664	-	-	-	(432)	-	〃
〃	VJP	Japan	Trading of storage media and electronic products	16,368	16,368	5,900	100.00	23,457	16,019	-	〃
〃	VAU	Australia	Trading of storage media and electronic products	411,105	411,105	100,000	100.00	336,018	13,890	-	〃
〃	VGmbH	Germany	Trading of storage media and electronic products	-	731,912	-	-	-	65,228	-	〃
〃	VHK	Hong Kong	Trading of storage media and electronic products	154,050	154,050	4,045,500	100.00	136,841	(7,165)	-	〃
〃	Others	Others		-	-	-	-	(4,708)	-	-	Note 3

CMC Magnetics Corporation
Information on Name and Location of Investees (Excluding Investees in Mainland China)
January 1 to December 31, 2024

Table 8

Unit: NT$ thousands
(Unless specified otherwise)

Name of investor	Name of investee (Notes 1, 2)	Location	Principal business	Original investment cost: End of current period	Original investment cost: End of last year	Shares held at the end of period: Number of shares	Shares held at the end of period: Percentage (%)	Shares held at the end of period: Carrying amount	Profit or loss on investee (Note 2 (2))	Investment gains or losses recognized for current period (Note 2 (3))	Remarks
F5	VUS	U.S.	Trading of storage media and electronic products	$ 1,418,407	$ 1,418,407	-	100.00	$ 760,002	($ 269,617)	$ -	Subsidiary of F5, sub-subsidiary of the Company (Note 3)
VUS	Vexus	U.S.	Trading of storage media	3	3	-	100.00	3	-	-	Subsidiary of F5, sub-subsidiary of the Company (Note 3)
CIA	SuperNet	British Virgin Islands	Professional investment company	577,337	577,337	5,720,085	100.00	485,301	5,852	-	Sub-subsidiary of the Company (Note 3)
〃	Others	Others		-	-	-	-	81,521	-	-	Note 3
CHC	CIA	Cayman Islands	Professional investment company	111,185	111,185	4,692,049	13.65	106,544	5,490	-	Subsidiary of the Company (Note 3)
〃	Vie Show Cinemas	Taiwan	Operation and management of cinemas, restaurants, and shopping malls	74,015	74,015	29,962,500	29.96	175,323	(149,498)	-	Investee measured using the equity method by CHC, subsidiary of the Company (Note 3)
〃	Others	Others		-	-	-	-	36,730	-	-	Note 3

Note 1: If a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information about the foreign investee may only include the relevant information of the holding company.

Note 2: In cases other than those described in Note 1, the following information shall be provided:

(1) "Name of Investee", "Location", "Principal Business", "Original Investment Cost", and "Holdings, End of Period" shall be entered in order according to the investment situation of the (public) Company and the status of investment by each investee directly or indirectly controlled, and the relationship between each investee and the (public) Company shall be indicated in the Remarks column (e.g., a subsidiary or a sub-subsidiary).

(2) In the column "Profit or Loss on Investee", the current profit and loss on each investee shall be entered.

(3) In the column "Investment Gains or Losses Recognized for Current Period", only the profit and loss on each investee directly invested by the (public) Company and each investee measured under the equity method recognized by the Company shall be entered, and the rest of the investees are exempted from disclosed in this regard. Where the "gains and losses on subsidiaries that are invested directly are recognized for the current period," it shall be confirmed that the gains and losses on the subsidiaries have included their investment gains and losses that shall be recognized in accordance with the regulations.

Note 3: CMC Magnetics Corporation did not directly recognize investment gains and losses.

CMC Magnetics Corporation

Information on Investments in Mainland China - Basic Information

January 1 to December 31, 2024

Table 9

Unit: NT$ thousands

(Unless specified otherwise)

Name of investee in mainland China (Note 4)	Principal business	Paid-in capital	Investment method (Note 1)	Accumulated investment remitted from Taiwan, beginning of period	Amount of investment remitted or recovered in current period: Remitted to mainland China	Amount of investment remitted or recovered in current period: Remitted back to Taiwan	Accumulated investment remitted from Taiwan, end of period	Current profit or loss on investee	The Company's direct or indirect ownership (%)	Investment gains (losses) recognized for current period (Note 2)	Carrying amount of investment, end of period	Accumulated repatriation of investment income as of end of period	Remarks
Fortune (Jiangsu) Multimedia Co., Ltd.	Production and sales of optical discs	$ 1,345,476	2	$ 1,345,476	$ -	$ -	$1,345,476	($ 19,168)	97.00	($ 18,593)	$288,186	$ -	Note 2 (2) B
Fortune (Jiangsu) Electronic Materials Co., Ltd.	Production and sales of plastic boxes, boxes, baskets, and similar products	531,053	2	531,053	-	-	531,053	(1,019)	100.00	(1,019)	125,147	-	〃
Nantong Zhongxing Multimedia Co., Ltd.	Production and sales of optical discs	35,678	2	35,678	-	-	35,678	(87)	49.00	(42)	8,098	-	〃
Sun Biotech Limited (Nantong)	R&D and wholesale of biological probiotics	14,786	2	14,786	-	-	14,786	6,032	50.00	3,016			〃

Company name	Accumulated outward remittance for investment in mainland China, end of period	Investment amount authorized by Investment Commission, MOEA	Limit on investment amount stipulated by Investment Commission, MOEA
CMC Magnetics Corporation	$ 2,722,590	$ 4,326,845	$ 10,809,715

Note 1: There are three types of methods for investment in mainland China. Just enter the code:

(1) Direct investment in mainland China

(2) Indirect investment in mainland China through third-region companies: Investment in companies in mainland China through EMC H

(3) Other methods

Note 2: Investment gains (losses) recognized for the current period:

(1) If there is no investment gains (losses) recognized due to the investment still being in the development stage, it shall be indicated.

(2) The investment gains (losses) are recognized based on the three following methods, which shall be indicated.

A. The financial statements certified by international accounting firms that has partnership with CPAs of Republic of China.

B. The financial statements that have been audited by the parent company's CPAs in Taiwan.

C. Others.

Note 3: The numbers related to this table shall be presented in NTD.

Note 4: Individual companies that have been liquidated will not be disclosed.

CMC Magnetics Corporation

Information on Major Shareholders

December 31, 2024

Table 10

	Shares	
Name of major shareholder	Number of shares held	Shareholding percentage (%)
Wong, Ming-Sen	86,459,355	7.93

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares (including treasury stocks) that have completed delivery of non-physical registration on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

Note 2: If the information above is for the shares entrusted by shareholders to a trust, the aforesaid information shall be disclosed by the individual trust account opened by the trustees. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus the shares entrusted to the trust and with the right to make decisions on trust property, please refer to MOPS.

CMC Magnetics Corporation
Cash and cash equivalents
December 31, 2024

Statement 1 Unit: NT$ thousands

Item	Summary	Amount
Cash on hand		$ 139
Petty cash		139
Bank deposits		
— Checking account deposits		344
— NTD demand deposits		1,038,090
— Foreign currency demand deposits	USD 4,822,834.74 at an exchange rate of 32.785	158,117
	GBP 161,236.22 at an exchange rate of 41.18	6,640
	Euro 630,505.75 at an exchange rate of 34.14	21,526
	JPY 13,970,934 at an exchange rate of 0.21	2,928
	HKD 1,327,503.97 at an exchange rate of 4.22	5,605
	CNY 14,848,220.90 at an exchange rate of 4.48	66,579
— Time deposit		115,570
		$ 1,415,677

The above fixed-term deposits will all mature within three months. The interest rate range for NTD fixed deposits is 1.255%-1.520%, and the interest rate for USD fixed deposits is 4.8%.

CMC Magnetics Corporation
Financial assets at FVTPL - current and non-current
December 31, 2024

Statement 2 Unit: NT$ thousands

Name of securities	Summary	Number of shares/units	Face value (NT$)	Total amount	Interest rate	Cost of acquisition	Market price: Unit price (NT$)	Market price: Total amount	Guarantee or pledge
Listed and OTC company stocks - current									
— Taiwan High Speed Rail	Listed stocks (Taiwan Stock Exchange)	115,639,000	$ 10	$ 1,156,390	-	$ 3,528,743	$ 27.80	$ 3,214,764	None
— Chateau International Development Co., Ltd.	〃	15,813,020	10	158,130	-	456,560	33.90	536,061	〃
— Tainan Enterprises Co., Ltd.	〃	12,546,000	10	125,460	-	389,796	35.30	442,874	〃
— Yang Ming Marine Transport Corp.	〃	8,534,000	10	85,340	-	643,779	75.70	646,024	〃
— Farglory Hotel Co., Ltd.	〃	3,998,000	10	39,980	-	123,010	26.90	107,546	〃
— Silicon System	〃	2,916,050	10	29,161	-	206,406	71.20	207,623	〃
— Quanta Computer Inc.	〃	2,180,000	10	21,800	-	634,336	287.00	625,660	〃
— Hon Hai	〃	2,077,000	10	20,770	-	399,427	184.00	382,168	〃
— Dynapack	OTC stocks	1,380,000	10	13,800	-	281,336	210.00	289,800	〃
— Evergreen Marine	Listed stocks (Taiwan Stock Exchange)	542,000	10	5,420	-	119,129	225.00	121,950	〃
— Taiwan Semiconductor Manufacturing Company	〃	275,000	10	2,750	-	290,332	1,075.00	295,625	〃
— Others						117,292		111,612	〃
						7,190,146		6,981,707	
Derivative financial products									
— Forward exchange agreements						279		279	〃
						7,190,425		$ 6,981,986	
Adjustment to valuation						(208,439)			
						$ 6,981,986			
Listed and OTC company stocks - non-current									
— Taiwan High Speed Rail	Listed stocks (Taiwan Stock Exchange)	68,700,000	$ 10	$ 687,000	-	$ 2,096,392	$ 27.80	$ 1,909,860	Note
— Farglory Hotel Co., Ltd.	〃	5,000,000	10	50,000	-	153,840	26.90	134,500	〃
— Chateau International Development Co., Ltd.	〃	3,800,000	10	38,000	-	109,715	33.90	128,820	〃
— Evergreen Marine	〃	240,000	10	2,400	-	52,751	225.00	54,000	〃
						2,412,698		2,227,180	
Non-listed and OTC company stocks - non-current									
— Dunpin No. 1		1,500,000	10	15,000	-	15,000		15,000	None
— Dunpin No. 2		1,500,000	10	15,000	-	15,000		15,000	〃
						2,442,698		$ 2,257,180	
Adjustment to valuation						(185,518)			
						$ 2,257,180			

Note: As of December 31, 2024, the Company has provided 77,740 thousand shares of marketable securities (with a book value of NT$2,227,180) as collateral for pledge.

CMC Magnetics Corporation
Accounts receivable
December 31, 2024

Statement 3 Unit: NT$ thousands

Customer name	Summary	Amount	Remarks
Non-related parties			
Customer A		$ 43,430	
Customer B		33,270	
Customer C		32,038	
Customer D		19,483	
Customer E		18,497	
Customer F		18,275	
Others		134,559	The balance of each customer in this category did not exceed 5% of the balance of this account
		299,552	
Related Parties			
Customer G		383,076	
Customer H		188,548	
Customer I		97,063	
Customer J		61,255	
Others		13,533	The balance of each customer in this category did not exceed 5% of the balance of this account
		743,475	
Subtotal		1,043,027	
Less: Allowance for loss		(68,719)	
		$ 974,308	

CMC Magnetics Corporation
Inventories
December 31, 2024

Statement 4 Unit: NT$ thousands

Items	Summary	Amount: Cost	Amount: Net realizable value	Remarks
Raw materials		$ 348,615	$ 300,097	The allowance for inventory valuation losses is based on cost or net realizable value, whichever is lower.
Work-in-progress		253	253	
Finished goods		318,148	277,748	
Merchandise inventory		448,931	1,012,438	
Inventory in transit		39,760	39,760	
		1,155,707	$ 1,630,296	
Less: Allowance for inventory valuation losses		(163,266)		
		$ 992,441		

CMC Magnetics Corporation
Changes in investments accounted for using the equity method
January 1 to December 31, 2024

Statement 5 Unit: NT$ thousands

Name of Investee	Opening Balance			Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Closing balance			Market value or net equity		Security or pledge	Remarks
	Number of shares	Shareholding percentage (%)	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding percentage (%)	Amount	Unit price (NT$)	Total price		
CHC International Investment Co., Ltd.	261,595,273	100.00	$3,662,453	-	$19,662	-	($277,568)	261,595,273	100.00	$3,404,547	$14.01	$3,664,913	None	
CMC Entertainment Holding Corp.	18,956,000	100.00	165,986	-	5,117	-	(1,120)	18,956,000	100.00	169,983	8.97	169,983	〃	
Transtouch Technology Inc.	15,173,223	51.99	335,612	-	19,145	(883,000)	(43,446)	14,290,223	48.96	311,311	22.90	327,246	〃	
CMC Entertainment Hub Corp.	13,300,000	100.00	36,891	3,000,000	30,000	-	(12,797)	16,300,000	100.00	54,094	3.32	54,094	〃	
EMC Investment Holding Ltd.	61,527	100.00	3,239,402	-	315,314	(6,140)	(1,376,733)	55,387	100.00	2,177,983	41,074.24	2,274,979	〃	
CIA Holding Corp.	29,688,245	86.35	433,227	-	42,750	-	-	29,688,245	86.35	475,977	17.97	533,399	〃	
Verbatim GmbH	-	-	-	25,565	1,070,949	-	(78,125)	25,565	100.00	992,824	40,485.77	1,035,019	〃	Note 3
Deltamac (Taiwan) Co., Ltd.	14,892,015	38.91	157,811	-	33,013	(485,000)	(46,020)	14,407,015	37.64	144,804	30.80	443,736	〃	
			$8,031,382		$1,535,950		($1,835,809)			$7,731,523				

Note 1: The increase for the period includes the share of profits or losses from subsidiaries, associates, and joint ventures recognized using the equity method, the other comprehensive income share from subsidiaries, associates, and joint ventures recognized using the equity method, exchange differences from the translation of financial statements of foreign operations, and the increase from newly capitalized subsidiaries for the period.

Note 2: The decrease for the period includes the share of profits or losses from subsidiaries, associates, and joint ventures recognized using the equity method, the other comprehensive income share from subsidiaries, associates, and joint ventures recognized using the equity method, exchange differences from the translation of financial statements of foreign operations, and the decrease from disposed subsidiaries for the period.

Note 3: In November 2024, our company will acquire 100% of the shares of the subsidiary VGmbH from its parent company, EMC H.

CMC Magnetics Corporation
Long-term borrowings
December 31, 2024

Statement 6

Unit: NT$ thousands

Lender	Summary	Due within one year	Due beyond one year	Total	Loan period	Interest rate	Security or collateral	Remarks
Entie Commercial Bank, Ltd.	Mid-term loan	$ 750,000	$ -	$ 750,000	2023.10～2025.10	Note	Credit	
Entie Commercial Bank, Ltd.	Mid-term loan (secured)	-	300,000	300,000	2023.06～2026.06	〃	Property, plant and equipment	
Taipei Fubon Bank	Mid-term loan (secured)	-	1,340,000	1,340,000	2023.04～2026.04	〃	〃	
Bank of Taiwan	Mid-term loan (secured)	-	150,000	150,000	2024.12～2026.12	〃	Certificates of deposit and property, plant and equipment	
Shanghai Commercial & Savings Bank, Ltd.	Mid-term loan (secured)	-	400,000	400,000	2023.11～2026.11	〃	Property, plant and equipment	
KGI Commercial Bank Co., Ltd.	Mid-term loan (secured)	300,000	-	300,000	2023.10～2025.10	〃	〃	
Sunny Commercial Bank	Mid-term loan (secured)	148,000	-	148,000	2023.02～2025.02	〃	Securities	
Taishin International Bank	Mid-term loan (secured)	-	280,000	280,000	2024.01～2026.05	〃	〃	
Bank SinoPac.	Mid-term loan (secured)	-	200,000	200,000	2024.08～2026.08	〃	〃	
Bank SinoPac. Securities	Mid-term loan (secured)	-	200,000	200,000	2023.11～2026.11	〃	〃	
Hua Nan Bank	Mid-term loan (secured)	-	195,000	195,000	2024.03～2027.03	〃	〃	
O-Bank Co., Ltd.	Commercial paper	-	300,000	300,000	2024.04～2026.04	〃	Credit	
O-Bank Co., Ltd.	Commercial paper	-	230,000	230,000	2024.04～2026.04	〃	Securities	
		$ 1,198,000	$ 3,595,000	$ 4,793,000				

Note: The interest rate range is between 2.08% and 2.41%.

CMC Magnetics Corporation
Operating revenue
January 1 to December 31, 2024

Statement 7 Unit: NT$ thousands

Items	Summary	Amount	Remarks
Sales revenue	Storage media products	$ 2,739,059	
Less: Sales return and discount		-	
		$ 2,739,059	

CMC Magnetics Corporation
Operating costs
January 1 to December 31, 2024

Statement 8 Unit: NT$ thousands

Items	Summary	Amount	Note
Raw materials, beginning of period		$ 402,715	
Add: Purchase of raw materials		1,116,850	
Less: Sale of raw materials		(5,777)	
Raw materials, end of period (including inventory in transit)		(388,375)	
Others		(1,173)	
Direct raw materials consumed		1,124,240	
Direct labor		190,167	
Production overheads		609,941	
Less: Unamortized fixed production overheads		(31,870)	
Production overheads in current period		1,892,478	
Work in progress, beginning of period		144	
Less: Work-in-process, end of period		(253)	
Less: Others		(23)	
Cost of finished goods		1,892,346	
Finished goods, beginning of period		346,928	
Less: Finished goods, end of period		(318,148)	
Others		(9,514)	
Cost of self-made products sold		1,911,612	
Merchandise inventory, beginning of period		438,487	
Add: Purchases in current period		307,236	
Less: Merchandise inventory, end of period		(448,931)	
Cost of merchandise inventory and goods sold		296,792	
Cost of raw materials sold		5,777	
Cost of inventories sold		2,214,181	
Other operating costs		1,108	
Inventory impairment loss		4,988	
Revenue from sale of tailings and scraps		(206)	
Unamortized fixed production overheads		31,870	
Cost of goods sold		$ 2,251,941	

CMC Magnetics Corporation
Production overheads
January 1 to December 31, 2024

Statement 9

Unit: NT$ thousands

Items	Summary	Amount	Note
Water, electricity, and gas fee		$ 244,063	
Depreciation		167,095	
Indirect labor		72,928	
Insurance premium		31,443	
Other production overheads		94,412	The balance of each item did not exceed 5% of the amount of this account
		$ 609,941	

CMC Magnetics Corporation
Selling and marketing expenses
January 1 to December 31, 2024

Statement 10 Unit: NT$ thousands

Items	Summary	Amount	Remarks
Advertising expenses		$ 43,156	
Royalties and export fees		28,136	
Freight charge		26,172	
Salaries and wages		15,430	
Utility fees		7,875	
Other expenses		13,229	The balance of each item did not exceed 5% of the amount of this account
		$ 133,998	

CMC Magnetics Corporation
Administrative expenses
January 1 to December 31, 2024

Statement 11

Unit: NT$ thousands

Items	Summary	Amount	Remarks
Salaries and wages		$ 47,633	
Entertainment fee		30,747	
Tax expense		15,240	
Service fees		13,931	
Utility fees		8,441	
Other expenses		27,334	The balance of each item did not exceed 5% of the amount of this account
		$ 143,326	

CMC Magnetics Corporation
Research and development expenses
January 1 to December 31, 2024

Statement 12 | Unit: NT$ thousands

Items	Summary	Amount	Remarks
Depreciation		$ 129,362	
Testing expense		97,895	
Salaries and wages		36,805	
Utility fees		21,181	
Other expenses		59,818	The balance of each item did not exceed 5% of the amount of this account
		$ 345,061	