**Stock symbol：3494**

# HiTi Digital Inc.
Parent Company Only Financial Statements
For the Years Ended December 31, 2024 and 2023
With Independent Auditor’s Report

Address: 7F., No.203, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan

Tel: (02) 2912-6268

## Table of Contents

## Independent Auditors' Report

To the Board of Directors and Shareholders of HiTi Digital Inc:

### Opinion

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

In Our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for this parent company only financial statement for the year ended December 31, 2024 are stated as follows:

<u>Valuation of inventory</u>

Explanation for key auditing item:

Inventory at HiTi Digital Inc. as of the date of authorization of its financial statement was

10% of total assets. Additionally, the value of its inventory may be affected by market demand for related products, creating risks of its inventory costs exceeding its net realizable value. Hence, inventory valuation was one of our key audit matters for this financial report. For related accounting policy, critical accounting judgments and major sources of estimation and assumption uncertainty, please see section 四(七）, 五(一）, and 六(四）.

How the matter was addressed in our audit:

1. Evaluate the soundness of policies for inventory depreciation or slow-moving categorization
2. Examine stock age data and analyze changes in stock age in the past two years to determine major abnormalities
3. Evaluate if inventory cost reduction is properly implemented according to existing policy, and to examine the viability of the implemented sales price, to determine if the rate of inventory depreciation is appropriate.

Write off of equity method investment and technology shares

Explanation for key auditing item:

HiTi Digital Inc. purchase CHC Technology Inc. shares at a premium, and categorized the difference in purchase price and net value as technology shares, thus recognizing it as equity method investment. This has a major impact on the financial report of HiTi Digital Inc. as a whole. Under international accounting standards, if equity method investments show signs of requiring write-off, management should evaluate whether the recoverable amount of said asset would be lower than book value.

When management evaluates the recoverable amount of an equity method investment, they must estimate the usage value of the cash generating unit. To calculate usage value, management should estimate predicted future cash flow from the cash generating unit, and thereby decide on an appropriate discount rate for calculating current value. As such estimates involve subjective decisions, and can be affected by future market or economic circumstances; it involves a high degree of uncertainty. Hence, the write-off of equity method investment and technology shares is listed as a key audit matter. For related accounting policy, critical accounting judgments and major sources of estimation and assumption uncertainty, please see sections 四（八）, 五（三）, and 六（五）.

The audit procedures performed by the auditor are as follows:

1. Understand the process and basis by which management estimates the future operating outlook of CHC Technology Inc., including the forecasted sales growth rate and profit margin.
2. Review whether the estimated future operating cash flows are consistent with the future operating plan and inquire about the future sales growth rate and profit margin prepared by CHC Technology Inc., considering recent operating results, historical trends, and the overall industry situation.

Revenue Recognition

Key Audit Matters Explanation

Revenue is the fundamental business activity for the sustainable operation of a company, and it is crucial for the operational performance of the company. There is a general pressure in management to achieve projected financial or business performance targets. Therefore, auditing standards presuppose that revenue recognition carries significant risk. Hence, this accountant considers the timing of the transfer of control of the sales product and the recognition of sales revenue as one of the key audit matters.

Please refer toSection 四(十六) and 六(十六) for related accounting policies and relevant disclosure information.

Audit procedures carried out are as follows:

1. Evaluate whether the revenue recognition accounting policy complies with relevant bulletin regulations.
2. Test the design and implementation of internal control systems related to revenue recognition.
3. Analyze changes in the top ten customers, compare actual figures with the same period last year to understand whether there are significant changes and abnormal situations.
4. Select a period before and after the financial reporting date, verify revenue transactions and various vouchers, to evaluate the appropriate cut-off of business income records.

**Responsibility of Management and Governing Units for the Consolidated Financial Statements**

The responsibility of management is to prepare consolidated financial statements that fairly represent the financial position in accordance with the financial reporting preparation standards for securities issuers, and to maintain necessary internal controls related to the preparation of the consolidated financial statements to ensure that they do not contain materially misstated due to fraud or error.

When preparing the consolidated financial statements, management's responsibilities also include assessing the ability of HiTi Digital Inc. and its subsidiaries to continue operations, disclosing relevant matters, and adopting the going concern accounting basis, unless management intends to liquidate HiTi Digital Inc. and its subsidiaries or cease operations, or unless there is no other feasible alternative except liquidation or cessation of operations.

The governance units (including the audit committee) of HiTi Digital Inc. and its subsidiaries are responsible for supervising the financial reporting process.

**Responsibility of the Auditor for the Audit of the Consolidated Financial Statements**

The purpose of this auditor's audit of the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but an audit performed in accordance with auditing standards cannot guarantee that all material misstatements in the consolidated financial statements will be detected. Misstatements may result from fraud or error. If the individual or aggregate amount of the misstatement can reasonably be expected to affect the economic decisions of the users of the consolidated financial statements, it is considered material.

When conducting an audit in accordance with auditing standards, this accountant exercises professional judgment and professional skepticism. This accountant also performs the following work:

1. Identify and assess the risks of material misstatement in the consolidated financial statements due to fraud or error; design and implement appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for the

audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

2. Obtain an understanding of internal control relevant to the audit to design appropriate audit procedures under the circumstances, but not to express an opinion on the effectiveness of HiTi Digital Inc. and its subsidiaries' internal control.

3. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of their accounting estimates and related disclosures.

4. Based on the obtained audit evidence, conclude on the appropriateness of management's use of the going concern basis of accounting, and whether a significant uncertainty exists that may cast significant doubt on HiTi Digital Inc. and its subsidiaries' ability to continue as a going concern. If the auditor believes such events or circumstances present significant uncertainty, they must alert the users of the consolidated financial statements in the audit report to the related disclosures in the consolidated financial statements or amend the audit opinion if these disclosures are inappropriate. The auditor's conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances could lead to HiTi Digital Inc. and its subsidiaries no longer being able to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), and whether the consolidated financial statements adequately represent the relevant transactions and events.

6. Obtain sufficient and appropriate audit evidence about the financial information of the entities within the HiTi Digital Inc. group to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the group audit and for forming the group audit opinion.

The auditor communicates with the governance entity on matters including the planned scope and timing of the audit, and significant audit findings (including significant deficiencies in internal control identified during the audit).

The auditor also provides the governance entity with a statement from the firm's personnel, who are subject to the independence rules, stating that they have complied with the relevant independence requirements of the Code of Ethics for Professional Accountants, and communicates all relationships and other matters that may reasonably be thought to bear on the auditor's independence (including related safeguards).

From matters communicated with the governance entity, the auditor determines the key audit matters to be included in the audit report for the consolidated financial statements of HiTi Digital Inc. and its subsidiaries for the year 2024. The auditor describes these matters in the audit report, unless a law or regulation precludes public disclosure of the matter, or in extremely rare circumstances when the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would outweigh the public interest benefits.

ShineWing Taiwan CPA

CPAs: Yao Yu-Lin

Wu Jia-Hong

Securities and Futures Bureau, Financial Supervisory Commission

Approval No: (2018) Jin-Guan-Zheng-Shen-Zi No.1070342733

(2018) Jin-Guan-Zheng-Shen-Zi No.1070342733

March 7, 2025

HiTi Digital Inc.

Parent Company Only Balance Sheets

At December 31, 2024 and 2023

(In thousands of New Taiwan Dollars)

| Code | Assets | December 31, 2024 Amount | | % | December 31, 2023 Amount | | % |
|---|---|---|---|---|---|---|---|
| | Current Assets | | | | | | |
| 1100 | Cash and cash equivalents (Note (6)1) | $ | 210,670 | 11 | $ | 7,059 | 1 |
| 1150 | Net notes receivable (Note (6)2) | | - | - | | 2 | - |
| 1170 | Net accounts receivable (Note (6)3) | | 8,823 | 1 | | 17,420 | 1 |
| 1180 | Net accounts receivable from related parties (Note (7)) | | 66,888 | 4 | | 17,384 | 1 |
| 1200 | Other receivables | | 6,947 | - | | 1,088 | - |
| 1210 | Other receivables from related parties (Note (7)) | | 60,968 | 4 | | 59,956 | 4 |
| 1220 | Current tax assets | | 53 | - | | 20 | - |
| 130x | Inventories (Note (7) 4, (9)) | | 163,710 | 10 | | 167,774 | 12 |
| 1410 | Prepayments | | 152,175 | 9 | | 23,288 | 2 |
| 1476 | Other financial assets – current (Note (9)) | | 25,266 | 2 | | 27,414 | 2 |
| 1479 | Other current assets | | 3,294 | - | | 1,525 | - |
| 11xx | Total current assets | | 698,794 | 41 | | 322,930 | 23 |
| | Noncurrent Assets | | | | | | |
| 1550 | Investment accounted for using the equity method (Note (6) 5) | | 212,232 | 13 | | 269,710 | 19 |
| 1600 | Property, plant and equipment (Note (6) 6, (8)) | | 557,698 | 34 | | 582,978 | 42 |
| 1755 | Right-of-use assets (Note (6)7) | | 37,654 | 2 | | 42,463 | 3 |
| 1780 | Intangible assets (Note (6)8) | | 1,163 | - | | 1,988 | - |
| 1840 | Deferred tax assets (Note (6)21) | | 54,161 | 3 | | 54,161 | 4 |
| 1915 | Prepayment for equipment (Note (7)) | | 66,064 | 4 | | 63,191 | 5 |
| 1920 | Refundable deposit (Note (8)) | | 58,881 | 3 | | 51,957 | 4 |
| 15xx | Total noncurrent assets | | 987,853 | 59 | | 1,066,448 | 77 |
| 1xxx | Total assets | $ | 1,686,647 | 100 | $ | 1,389,378 | 100 |

| Code | Liabilities and Equity | December 31, 2024 Amount | % | December 31, 2023 Amount | % |
|---|---|---|---|---|---|
| | Current Liabilities | | | | |
| 2100 | Short-term loans (Note (6) 9) | $ 109,004 | 7 | $ 118,304 | 9 |
| 2130 | Notes payable | 848 | - | 1,672 | - |
| 2150 | Notes payable | 3,325 | - | 3,119 | - |
| 2170 | Accounts payable | 72,774 | 4 | 72,972 | 5 |
| 2200 | Other payables | 64,535 | 4 | 65,932 | 5 |
| 2220 | Other payables to related parties (Note (7)) | 7,330 | - | 38,910 | 3 |
| 2280 | Lease liabilities – current (Note (6)7) | 3,612 | - | 4,575 | - |
| 2399 | Other current liabilities | 60,938 | 4 | 53,776 | 4 |
| 2320 | Long term borrowings with terms under one fiscal year (Note (6)10) | 35,920 | 2 | 493,307 | 36 |
| 21xx | Total current liabilities | 358,286 | 21 | 852,567 | 62 |
| | Noncurrent liabilities | | | | |
| 2540 | Long term loans (Note (6)10) | 525,155 | 31 | 43,557 | 3 |
| 2570 | Deferred income tax liabilities (Note (6)21) | 420 | - | 420 | - |
| 2580 | Lease liabilities – noncurrent (Note (6)7) | 36,171 | 2 | 39,783 | 3 |
| 2622 | Long-term other payables | 5,070 | - | - | - |
| 2645 | Deposits received | 3,067 | - | 3,067 | - |
| 2650 | Other noncurrent liabilities (Note (6)5) | 6,111 | 1 | - | - |
| 25xx | Total noncurrent liabilities | 575,994 | 34 | 86,827 | 6 |
| 2xxx | Total liabilities | 934,280 | 55 | 939,394 | 68 |
| | Equity | | | | |
| 3100 | Share capital (Note (6)12) | | | | |
| 3110 | Ordinary shares | 948,000 | 57 | 1,440,000 | 104 |
| 3200 | Capital surplus (Note (6)13) | 137,865 | 8 | 12,765 | 1 |
| 3350 | Unappropriated retained earnings | ( 305,830) | ( 18) | ( 973,057) | ( 71) |
| 3400 | Other equity interests (Note (6)15) | ( 27,668) | ( 2) | ( 29,724) | ( 2) |
| 3xxx | Total equity | 752,367 | 45 | 449,984 | 32 |
| | Total liabilities and equity | $ 1,686,647 | 100 | $ 1,389,378 | 100 |

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

Chairman: HUANG, FU　　CEO: HUANG, KUAN-CHIH　　Accounting Manager: SUN, MING-HUNG

# HiTi Digital Inc.
## Individual Statement of Comprehensive Income
## Years ended December 31, 2024 and 2023

(In thousands of New Taiwan Dollars)

| Code | Item | 2024 Amount | 2024 % | 2023 Amount | 2023 % |
|---|---|---|---|---|---|
| 4000 | Operating revenue (Note (6)16) | $ 933,616 | 100 | $ 648,549 | 100 |
| 5000 | Operating cost (Note (6)4, 17) | ( 834,835) | ( 90) | ( 640,438) | ( 99) |
| 5900 | Gross profit (loss) from operations | 98,781 | 10 | 8,111 | 1 |
| 5910 | Unrealized operating loss and profit | 6,589 | 1 | 7,776 | 1 |
| 5950 | Gross operating income (loss) | 105,370 | 11 | 15,887 | 2 |
| | Operating expenses | | | | |
| 6100 | Marketing expenses | ( 46,697) | ( 5) | ( 39,741) | ( 6) |
| 6200 | Administrative expenses | ( 100,520) | ( 10) | ( 82,485) | ( 13) |
| 6300 | Research expenses | ( 24,408) | ( 3) | ( 29,296) | ( 5) |
| 6450 | Expected credit losses (reversal) (Note (6)3) | ( 971) | - | - | - |
| 6000 | Total operating expenses | ( 172,596) | ( 18) | ( 151,522) | ( 24) |
| 6900 | Net operating income (loss) | ( 67,226) | ( 7) | ( 135,635) | ( 22) |
| | Non-operating income and expenses | | | | |
| 7100 | Interest income | 1,616 | - | 1,296 | - |
| 7010 | Other income (Note (6)18) | 23,053 | 2 | 24,332 | 4 |
| 7020 | Other gains and losses (Note (6)19) | ( 2,908) | - | ( 1,139) | - |
| 7050 | Finance costs (Note (6)20) | ( 37,809) | ( 4) | ( 33,197) | ( 5) |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method | ( 41,499) | ( 4) | ( 59,647) | ( 9) |
| 7000 | Total non-operating income and expenses | ( 57,547) | ( 6) | ( 68,355) | ( 10) |
| 7900 | Income (loss) before income tax | ( 124,773) | ( 13) | ( 203,990) | ( 32) |
| 7950 | Income tax expense (Note (6)21) | - | - | - | - |
| 8200 | Net income (loss) | ( 124,773) | ( 13) | ( 203,990) | ( 32) |
| | Other comprehensive income (loss) (Note (6)22) | | | | |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences arising from translation of foreign operations | 2,056 | - | 1,292 | - |
| 8300 | Other comprehensive income (loss) for the year, net of income tax | 2,056 | - | 1,292 | - |
| 8500 | Total Comprehensive Income (loss) for the year | ($ 122,717) | ( 13) | ($ 202,698) | ( 32) |
| | Earnings per share | | | | |
| 9750 | Basic Earnings per share (Note (6)23) | ($ 1.08) | | ($ 1.52) | |

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

Chairman: HUANG, FU CEO: HUANG, KUAN-CHIH Accounting Manager: SUN, MING-HUNG

HiTi Digital Inc.

Individual Entity Statement of Changes in Equity

Years Ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

| Item | Common stock | Capital surplus | Retained earnings | Exchange differences on translation of foreign financial statements | Total equity |
|---|---|---|---|---|---|
| Balance, January 1, 2023 | $ 1,240,000 | $ 33,017 | ($ 722,902) | ($ 31,016) | $ 519,099 |
| Net profit (loss) | - | - | ( 203,990) | - | ( 203,990) |
| Other comprehensive income (loss), net of tax | - | - | - | 1,292 | 1,292 |
| Total banlance | - | - | ( 203,990) | 1,292 | ( 202,698) |
| Cash Capital Increase | 200,000 | - | - | - | 200,000 |
| Changes in percentage of ownership interests in subsidiaries | - | ( 20,252) | ( 46,165) | - | ( 66,417) |
| Balance, December 31, 2023 | $ 1,440,000 | $ 12,765 | ($ 973,057) | ($ 29,724) | $ 449,984 |
| Net profit (loss) | - | - | ( 124,773) | - | ( 124,773) |
| Other comprehensive income (loss), net of tax | - | - | - | 2,056 | 2,056 |
| Total banlance | - | - | ( 124,773) | 2,056 | ( 122,717) |
| Cash capital increase | 300,000 | 125,100 | - | - | 425,100 |
| Capital Reduction | ( 792,000) | - | 792,000 | - | - |
| Balance, December 31, 2024 | $ 948,000 | $ 137,865 | ($ 305,830) | ($ 27,668) | $ 752,367 |

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

Chairman: HUANG, FU  CEO: HUANG, KUAN-CHIH  Accounting Manager: SUN, MING-HUNG

HiTi Digital Inc.

Individual Statements of Cashflow

Years Ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

| Item | 2024 | 2023 |
|---|---|---|
| Profit (loss) before tax | ($ 124,773) | ($ 203,990) |
| Adjustments | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 34,247 | 41,955 |
| Amortization expense | 1,610 | 5,726 |
| Expected credit loss (reversal) | 971 | - |
| Devaluation of stock (reversal) | ( 2,301) | ( 3,645) |
| Interest expense | 37,809 | 33,197 |
| Interest income | ( 1,616) | ( 1,296) |
| Share of loss (profit) of associates and joint ventures accounted for using equity method | 41,499 | 59,647 |
| Property, plant and equipment transferred to expenses | 1 | - |
| Unrealized profit (loss) from sales | 2,202 | - |
| Liquidation debt income | ( 6,589) | ( 7,776) |
| Leasehold improvements | - | 94 |
| Total Loss after adjustments | 107,833 | 127,902 |
| Changes in operating assets | | |
| Net changes in assets from operating activities | | |
| Decrease (increase) in notes receivable | 2 | 1 |
| Increase (decrease) in accounts receivable | 7,626 | ( 5,106) |
| Decrease (increase) in accounts receivable to related parties | ( 49,504) | 23,589 |
| Decrease (increase) in other accounts receivable | ( 5,859) | 2,752 |
| Decrease (increase) in other accounts receivable from related parties | ( 1,012) | 21,671 |
| Decrease (increase) in inventories | 6,365 | 37,332 |
| Decrease (increase) in prepayment | ( 128,887) | ( 15,464) |
| Decrease in other liquid assets | ( 1,769) | ( 1,383) |
| Increase in other financial assets | - | ( 5,157) |
| Decrease (increase) in net defined benefit assets | ( 173,038) | 58,235 |
| Increase in notes payable | 206 | 1,411 |
| Increase (decrease) in accounts payable | ( 198) | ( 1,880) |
| Reduction in other payables | ( 1,397) | ( 3,088) |
| Increase (decrease) in other accounts payable to related parties | ( 31,580) | 504 |
| Decrease in advance payments | ( 824) | - |
| Increase (decrease) in other liabilities | 7,162 | ( 4,273) |
| Total net changes in operating assets and liabilities | ( 199,669) | 50,909 |

| Item | 2024 | 2023 |
| --- | --- | --- |
| Total Adjustments | $ (91,836) | $ 178,811 |
| Cash generated from operations | ( 216,609) | ( 25,179) |
| Interest received | 1,616 | 1,296 |
| Interest paid | ( 37,809) | ( 33,292) |
| Income tax refund (paid) | ( 33) | - |
| Net cash flow from (used in) operating activities | ( 252,835) | ( 57,175) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of investments using the equity method | ( 347) | ( 200,000) |
| Disposal of investments using the equity method | 25,616 | - |
| Acquisition of property, plant and equipment | ( 4,159) | ( 4,104) |
| Disposal of property, plant and equipment | - | 828 |
| Increase in refundable deposits | ( 6,924) | ( 13,952) |
| Acquire intangible assets | ( 785) | - |
| Decrease in other financial assets | 2,148 | - |
| Decrease in prepayment for equipment | ( 2,873) | ( 291) |
| Net cash flows from investing activities | 12,676 | ( 217,519) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short term loans | - | 29,158 |
| decrease in short term loans | ( 9,300) | - |
| Initiation of long term loans | 500,000 | 29,810 |
| Repayment of long term loans | ( 475,789) | ( 16,135) |
| Increase (decrease) in refundable deposits | - | 1,230 |
| Other accounts payable - related parties | 5,070 | - |
| Payment of capital lease principal | ( 4,575) | ( 3,862) |
| Cash capital increase | 425,100 | 200,000 |
| Net cash flows from financing activities | 440,506 | 240,201 |
| Effect of exchange rate changes on cash and cash equivalents | 3,264 | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 203,611 | ( 34,493) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 7,059 | 41,552 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 210,670 | $ 7,059 |

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

Chairman: HUANG, FU CEO: HUANG, KUAN-CHIH Accounting Manager: SUN, MING-HUNG

# HiTi Digital Inc
# Notes to Individual Financial Statements

For the Years Ended December 31, 2024 and 2023
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

## 一、General Information

HiTi Digital Inc. (the “Company”) was founded in February 2001. The Company primarily engages in development, manufacturing, distribution, retail and investment in printers, cameras and related peripheries. The Company is the group’s ultimate parent company.

Since December 2007 the company has been listed on the Taiwan stock exchange.

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

## 二、The Authorization of the Consolidated Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 7, 2025

## 三、Application of New Standards, Amendments, and Interpretations

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

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

| New Standards, Amendments, and Interpretations | Amendments | Effective Date Announced by IASB |
|---|---|---|
| ‧Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback” | This amendment clarifies that in a sale and leaseback transaction, when lease payments include amounts that do not depend on an index or rate, the seller-lessee should determine the subsequent measurement of the right-of-use asset and lease liability. The seller-lessee should also determine the lease payments or revised lease payments in a manner that does not recognize any gain or loss related to the retained use rights. Additionally, new illustrative examples are provided. | January 1, 2024 |
| ‧Amendments to IAS 1 “Non-current Liabilities with Covenants” | The amendment clarifies that the classification of liabilities is based on the rights existing at the end of the reporting period. If an entity does not have the right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period, the liability should be classified as current. Furthermore, the amendment defines "settlement" as extinguishing a liability through cash, other economic resources, or an entity's own equity instruments. For liabilities with terms that may result in settlement through the transfer of the entity’s own equity instruments, such terms do not affect the classification of the liability as current or non-current if the option is classified as an equity instrument and is part of a compound financial instrument's equity component. | January 1, 2024 |
| ‧Amendments to IAS 1 “Non-current Liabilities with Covenants” | The amendment also clarifies that contractual terms that come into effect after the end of the reporting period do not affect the classification of liabilities as current or non-current. Additionally, it enhances disclosure requirements for non-current liabilities subject to conditions. | January 1, 2024 |
| ‧Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements” | The amendment introduces new disclosure requirements for supplier financing arrangements, including their impact on changes in liabilities from financing activities and the quantification of liquidity risk disclosures. | January 1, 2024 |

2. Based on the Group’s assessment, the New IFRSs above have no significant effect on the Group’s financial position and financial performance.

(二) Not yet adopted new and admended international financial reporting stardard recognized by the Financial Supervisory Commission (FSC)

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

| New Standards, Amendments, and Interpretations | Amendments | Effective Date Announced by IASB |
|---|---|---|
| ‧IASB publishes amendments to IAS 21 to | The amendment provides specific guidance on when currencies are exchangeable and how to determine the exchange rate when they are not exchangeable. | January 1, 2025 |

clarify the accounting when there is a lack of exchangeability

2. Based on the Group's assessment, the New IFRSs above have no significant effect on the Group's financial position and financial performance.

(三) The international financial reporting standards issued by The International Accounting Standards Board (IASB) but not yet not yet been approved by the Financial Supervisory Commission (FSC):

1. The following new standards and amendments have been issued by the IASB but have not yet been incorporated into internationally recognized financial reporting standards approved by the Financial Supervisory Commission:

| New Standards, Amendments, and Interpretations | Amendments | Effective Date Announced by IASB |
|---|---|---|
| · Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture" | This amendment addresses the inconsistency between the current IFRS 10 and IAS 28. It specifies that when an investor sells (contributes) assets to its associate or joint venture, the recognition of the full or partial gain on disposal depends on the nature of the asset sold (contributed):<br>1. When the asset sold (contributed) constitutes a "business," the full gain on disposal is recognized.<br>2. When the asset sold (contributed) does not constitute a "business," only the portion of the gain related to the interests of unrelated investors in the associate or joint venture is recognized. | Waiting IASB desicision |
| · IFRS 17 " Insurance Contracts" | This new standard replaces IFRS 4 and sets rules for recognizing, measuring, presenting, and disclosing insurance contracts. It applies to insurance and reinsurance contracts, as well as certain investment contracts. Companies must group contracts into three categories: loss-making, not likely to become loss-making, and others. They must use a current measurement model, updating estimates each period. This involves using discounted cash flows, a risk adjustment, and unearned profit. For some contracts, a simpler method can be used. Revenue is recognized over the coverage period, and losses are recognized immediately if contracts become loss-making. Companies need to report insurance revenue, expenses, and finance income separately and disclose related amounts, judgments, and risk information.. | January 1, 2023 |
| · Amendments to IFRS 17 " Insurance Contracts" | The amendment includes a deferral of the effective date, expected recovery of insurance acquisition cash flows, the contractual service margin attributable to investment services, recovery of losses on reinsurance contracts held, among other amendments, which do not change the fundamental principles of the standard. | January 1, 2023 |
| · Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information" | This amendment allows entities to apply the classification overlay approach to comparative periods presented on initial application of IFRS 17. This option allows entities to classify all financial assets, including those not held in connection with contracts within the scope of IFRS 17, on an instrument-by-instrument basis during the comparative period, based on the expected classification at the initial application date of IFRS 9. Entities that have already applied IFRS 9 or are applying both IFRS 9 and IFRS 17 for the first time may choose to apply the classification overlay approach. | January 1, 2023 |
| Amendments to IAS21 "Lack of Exchangeability" | The amendment provides specific guidance on when currencies are exchangeable and how to determine the exchange rate when they are not exchangeable. | January 1, 2025 |

2. As of the date of issuance of these consolidated financial statements, the Group is still assessing the impact of these standards and interpretations on the Group's financial condition and performance. The related impacts will be disclosed upon completion of the assessment.

## 四、Summary of Significant Accounting Policies

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

(一) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

(二) Basis of Preparation

1. Other than Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Section 5.

(三) Foreign Currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars (NT$), which is the Company's functional currency.

1. Foreign Currency Transactions and Balances
   (1) Foreign currency transactions are translated into the functional currency at the spot exchange rate on the transaction date or the measurement date. The resulting exchange differences are recognized in profit or loss for the period.
   (2) Foreign currency monetary assets and liabilities are revalued at the spot exchange rate on the balance sheet date, with the resulting exchange differences recognized in profit or loss for the period.
   (3) Foreign currency non-monetary assets and liabilities measured at fair value through profit or loss are revalued at the spot exchange rate on the balance sheet date, with the resulting exchange differences recognized in profit or loss for the period. Non-monetary assets and liabilities measured at fair value through other comprehensive income are revalued at the spot exchange rate on the balance sheet date, with the resulting exchange differences recognized in other comprehensive income. Non-monetary assets and liabilities not measured at fair value are translated at the historical exchange rate on the transaction date.

2. Translation of Foreign Operations
   (1) For all subsidiaries, associates, and jointly controlled entities with a functional currency different from the presentation currency, their results and financial positions are translated into the presentation currency as follows:
      A. Assets and liabilities are translated at the closing exchange rate on the balance sheet date.
      B. Income and expenses are translated at the average exchange rate for the period.
      C. All resulting exchange differences are recognized in other comprehensive income.
   (2) When partially disposing of or selling an interest in a foreign operation that is an associate or joint venture, the portion of the exchange differences in other comprehensive income is reclassified to profit or loss as part of the gain or loss on disposal. If the company loses significant influence or joint control over the foreign operation, it is treated as a complete disposal.
   (3) When partially disposing of or selling a foreign subsidiary, the portion of exchange differences in other comprehensive income is attributed to the non-controlling interests. If the company loses control over the foreign subsidiary, it is treated as a complete disposal.

(四) Classification of Current and Noncurrent Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(1) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
(2) Assets held mainly for trading purposes;
(3) Assets that are expected to be realised within twelve months from the balance sheet date; or
(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Company categorized all assets not meet aforementioned criteria as non-current asset.

2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(1) Liabilities that are expected to be settled within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The Company categorized all liabilities not meet aforementioned criteria as non-current liabilities.

(五) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(六) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.
Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.
Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial Assets

（1） Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.
Financial assets are classified into the following categories: Financial assets measured at FVTPL, financial assets measured at amortized cost, debt investments measured at FVTOCI, and equity investments measured at FVTOCI.

A.Financial assets at amortized cost

Financial assets that meet both of the following conditions are measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

(A) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

(B) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

(2) Impairment of financial assets

A. The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost (including accounts receivable), debt investments measured at FVTOCI, operating lease receivables, and contract assets.

B. The Company recognizes loss allowances at an amount equal to lifetime expected credit losses (i.e. ECLs) for accounts receivable, contract assets, and operating lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs for which there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

C. Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date..

D. The Company recognizes impairment losses in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

(3) Derecognition of financial assets

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

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it does not retained control of the financial asset.

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

2. Equity Instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by entity are recognized at the proceeds received, net of direct issue costs.

3. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The Group derecognizes a financial liability when, and only when, it is extinguished—i.e., when the obligation is discharged or cancelled or expires. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in requirements for derecognition of that financial instrument, then the financial instrument is derecognized accordingly.

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

(七) Inventories

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

(八) Investments accounted for using the equity method–associates

1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly, 20 percent or more of the voting power of the investee. Investments in associates are initially recognised at cost and are accounted for using the equity method.

2. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

3. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

4. Upon loss of significant influence over an associate, the Group remeasures any retained investment in the former associate at its fair value. Any difference between the fair value and carrying amount is recognised in profit or loss.

5. When the Group disposes its investment in an associate, if it loses significant influence over the associate, the Group shall account for all amounts previously recognised in other comprehensive

income in relation to that investment on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. If the it still retains significant influence over the associate, then the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

6. When the Group disposes its investment in an associate, if it loses significant influence over the associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(九) Property, Plant and Equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are recognized in profit or loss as incurred.

3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. 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 accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| Buildings | 20-50 Years |
| Machinery | 5~21 Years |
| Lease Improvement | Duration of Lease |
| Other Equipment | 3~5 Years |

4. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(十) Leases

1. At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease in which the Group is a lessee and maintenance service is provided by a lessor, the Group elects to account for the lease and non-lease components as a single lease component.

(1) The Group as lessee

Except for short-term leases and leases of low-value asset where lease payments are recognized as expenses on a [straight-line basis/XX basis] over the lease terms, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

<u>Right-of-use assets</u>

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, less any lease incentives received, and plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are presented as a separate line item in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, please refer to Note X for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if the ownership of the underlying assets is transferred to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

（2） The Group as lessor

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

When a lease includes both land and buildings elements, the Group assesses the classification of each element as a finance lease or an operating lease separately, allocating lease payments (including any lump-sum upfront payments) between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception date. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

(十一) Intangible assets

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the estimated lives as follows:

| | Design Fee | Computer Software |
|---|---|---|
| Useful Years | 5 Years | 1~5 Years |
| Depreciation Method | Straight Line Depreciation over duration of possession | Straight Line Depreciation over duration of possession |
| Obtained Source | Obtained Externally | Obtained Externally |

The estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any changes in estimates are accounted for on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

(十二) Impairment of non-financial assets

The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

(十三) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis.

(2) Employees' compensation and directors' and supervisors' remuneration

Employee compensation and remuneration of directors and supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reliably estimated. If the actual distribution amount decided differs from the estimated amount, it is treated as a change in accounting estimate.

(3) Termination benefits

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

(十四) Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments.

(十五) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity, respectively.

2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.

3. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

4. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses, and unused tax credits can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.

6. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(十六) Revenue Recognition

The Group applies the following steps for revenue recognition:

1. Identifying the contract;
2. Identifying performance obligations;
3. Determine the transaction price;
4. Allocating the transaction price to performance obligations; and
5. Recognizing revenue when (or as) a performance obligation is satisfied.

The Group identifies performance obligations in a contract with the customer, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods.

Revenue from the sale of goods comes from sales of leisure goods and electronic equipment. Revenue for sales of leisure goods and electronic equipment are recognized when the goods are delivered to the location specified by the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivables are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to accounts receivables when the remaining obligations are performed.

The company recongised accounts receivable at point of product delivery because the company has the right for collection of equal value.

(十七) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

Government loans received at below-market rates of interest is treated as a government grant and is measured as the difference between the proceeds received and the fair value of the loan at the market rate.

## 五、Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

In the preparation of the consolidated financial statements, the critical accounting judgments the Group has made and the major sources of estimation and assumption uncertainty are described as follows:

### （一） Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realisable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

### （二） Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. The Group's management assesses the realisability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate, gross profit rate, the tax exemption period, available income tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

### （三） Impairment assessment of investments accounted for using the equity method

The Group assesses the impairment of an investment accounted for using the equity method once there is any indication that it might have been impaired and its carrying amount is not recoverable. The Group assesses the recoverable amounts of an investment accounted for using the equity method based on the present value of the Group's share of expected future cash flows of the investee or the present value of expected cash dividends receivable from the investee and expected future cash flows from disposal of the investment, analyzing the reasonableness of related assumptions.

### （四） Real estate, factory buildings, and equipment useful life

After considering the company's experience with of similar assets in the past, appraisal company valuation's report, and taking into account the usage of similar assets by industry peers, our board of directors decided in March 2023 to extend the useful life of certain buildings and equipment items. This change will take effect from April 1, 2023 and is expected to reduce depreciation expenses by NT$3,692 thousand for the period from January to December 2024.

## 六、Description of Significant Account

### （一） Cash and cash equivalents

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Cash | $ 747 | $ 795 |
| Deposits in transit | - | - |
| Cheques and demand deposits | 209,923 | 6,264 |
| Total | $ 210,670 | $ 41,552 |

1. The Group deposits its cash and cash equivalents at several financial institutions that have high credit quality to diversify its risk. Therefore, the Group considers its cash and cash equivalents to have low credit risk.
2. The Group has no cash and cash equivalents pledged to others.

### （二） Notes receivable, net

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Notes receivable | $ - | $ 2 |
| Less: Loss allowance | - | - |
| Notes receivable, net | $ - | $ 2 |

1. The Group has no notes receivable pledged as collateral or guarantees.
2. For information on loss allowance of notes receivable, please refer to the Accounts receivable note below.

（三） Accounts receivable, net

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Accounts receivable | $ 10,243 | $ 17,869 |
| Less: loss allowance | ( 1,420) | ( 449) |
| Accounts receivable, net | $ 8,823 | $ 17,420 |

1. The average credit period of sales of goods ranges from 0 to 90 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.
2. For more information on the management and evaluation of related credit risk, see Section 十二.
3. The Group using the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses (i.e. ECLs) for notes receivables and accounts receivables. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, adjusted for current and forecast economic conditions of the industry in which the debtors operate as well as for external credit rating. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The loss allowances of notes receivable and accounts receivable, including those from related parties, were detailed below:

| December 31, 2024 | Expected credit loss rate | Gross carrying amount | Loss allowance (Lifetime ECL) | Amortized cost |
|---|---|---|---|---|
| Not past due | – | $ 70,879 | $ – | $ 70,879 |
| 1 – 30 days | – | 3,727 | – | 3,727 |
| 31 – 90 days | – | 1,100 | – | 1,100 |
| 91 – 120 days | – | – | – | – |
| Over 121 days | 99% | 1,425 | 1,420 | 5 |
| Total | | $ 77,131 | $ 1,420 | $ 75,711 |

| December 31, 2023 | Expected credit loss rate | Gross carrying amount | Loss allowance (Lifetime ECL) | Amortized cost |
|---|---|---|---|---|
| Not past due | – | $ 2,245 | $ – | $ 22,245 |
| 1 – 30 days | – | 12,151 | – | 12,151 |
| 31 – 90 days | – | 326 | – | 326 |
| 91 – 120 days | – | – | – | – |
| Over 121 days | 84% | 533 | 449 | 84 |
| Total | | $ 35,255 | $ 449 | $ 34,806 |

4. The movements of the loss allowances of notes receivable and accounts receivable, including those from related parties, were as follows:

| Item | 2024 | 2023 |
|---|---|---|
| Balance at January 1 | $ 449 | $ 449 |
| Add: Recognition of impairment losses | 971 | – |
| Balance at December 31 | $ 1,420 | $ 449 |

The Group did not hold any collateral or other credit enhancements for these accounts receivable.

5. The impairment losses (gains) on receivables of the company in 2024 and 2023 were NT$971 thousand and NT$0 thousand, respectively.
6. For information on accounts receivable pledged as collateral or guarantees, please refer to Section 八.

(四) Inventories and cost of goods sold

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials | $ 32,924 | $ 30,000 |
| Work in process | 59,688 | 61,461 |
| Finished goods and merchandise | 71,098 | 76,313 |
| Total | $ 163,710 | $ 167,774 |

1. The cost of inventories recognized as expense for 2024 and 2023:

| Item | 2024 | 2023 |
|---|---|---|
| Cost of goods sold | $ 739,777 | $ 542,747 |
| Loss (Gain) on decline in value of inventories | ( 2,301) | ( 3,645) |
| Unallocated overheads Loss | 97,359 | 101,336 |
| Total operating costs | $ 834,835 | $ 640,438 |

2. The Company's gain on reversal in market value of inventories and partial liquidation of inventories, or the write-down of inventories to net cash value was NT$2,301 thousand and NT$3,645 thousand in 2024 and 2023, respectively 。
3. For inventory pledged as collateral please see section 8.

(五) Investments accounted for using the equity method

| Subsidiaries | December 31, 2024 | December 31, 2023 |
|---|---|---|
| HiTi Digital (Suzhou) Co. | $ 1,739 | $ 2,302 |
| HiTi Digital America, Inc. | 36,464 | 23,284 |
| HiTi Digital Singapore PTE LTD. | – | 18,434 |
| HiTi Digital Europe S.r.l | (6,111) | – |
| Hiti de Mexico, S. de R.L. de C.V. | 1,906 | 7,345 |
| CHC Technology Inc. | 172,123 | 218,345 |
| Subtotal | $ 206,121 | $ 269,710 |

1. Subsidiary:

For information about the Company's subsidiaries, please refer to the Company's consolidated Financial Report, Section (四)3.

2. Impairment Loss:

The Company identified the difference between the investment cost and equity net value of CHC Technology Inc. as a Research & Development (R&D) Technology; as of December 31, 2024 and 2023, the differences were both NT$83,004 thousand. The Company conducted an impairment assessment for the recoverable amount of the said R&D Technology Right as of December 31, 2024 and 2023. The Company's assessment of its recoverable amount was based on its use value. Based on the assessments as of December 31, 2024 and 2023, since the carrying amount is lower than its recoverable amount, the impairment loss recognized was zero.

3. As of December 31, 2024 and 2023, none of the Company's equity-method investments had been pledged, guaranteed, or restricted.

4. Changes in Ownership Interests in Subsidiaries

The subsidiary - CHC Technology Inc. increased its capital by NT$150,000 thousand through debt conversion on November 8, 2022. The Company did not participate in the capital increase in proportion to its shareholding, which resulted in a decrease in the Company's equity interest in CHC Technology Inc. from 30.65% to 24.01%. Since September 2023, the Company has purchased CHC Technology Inc stock from related party, GuanFeng Investment Co, and GuoQian, effectively increase stock ownership from 24.01% to 65.31%.

The changes in ownership interests in the above subsidiary affected the equity attributable to the parent company's owners as follows:

| | 2024 | 2023 |
|---|---|---|
| Reduced equity in the subsidiary after changing the shareholding ratio | - | ($ 66,417) |
| Capital surplus - change in subsidiary equity | - | ($ 20,252) |
| Retained earnings - changes in subsidiary equiy | - | ($ 46,165) |

5. Hi-Touch Imaging Technologies and Hua Shan Investments Limited went through liquidation during the year and transferred their equity investments in HiTi Digital (Suzhou) Co. to the Company. The case was approved by the Investment Review Committee of the Ministry of Economic Affairs on June 29, 2021.

6. The subsidiary - HiTi Digital Mexico, S.de R.L. de C.V (abbreviated as HMC) increased its capital by US$4,473 thousand and MX$6,100 thousand (equivalent to NT$144,581 thousand) through debt conversion in 2022. The Company subscribed in proportion to its shareholding, maintaining the Company's shareholding ratio in HMC at 100%.

（六） Property, plant and equipment

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Housing & Construction | $ 672,652 | $ 671,912 |
| Machinery & Equipment | 250,799 | 249,907 |
| Leasehold improvements | 1,250 | 1,250 |
| Other Equipment | 64,078 | 62,504 |
| Total cost | 988,779 | 985,573 |
| Less: Accumulated depreciation and impairment | ( 431,081) | ( 402,595) |
| Total | $ 557,698 | $ 582,978 |

| Costs | House and Building | Machinery and equipment | Leasehold improvements | Other equipment | Outstanding works and equipment to be inspected | Total |
|---|---|---|---|---|---|---|
| 2024.1.1-balance | $ 671,912 | $ 249,907 | $ 1,250 | $ 62,504 | $ - | $ 985,573 |
| Add | 740 | 1,844 | - | 1,575 | - | 4,159 |
| Disposal | - | (952) | - | ( 1) | - | ( 953) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Reclassification | − | − | − | − | − | − |
| 2024.12.31-balance | $ 672,652 | $ 250,799 | $ 1,250 | $ 64,078 | $ − | $ 988,779 |

| Accumulated depreciation and impairment | House and Building | Machinery and equipment | Leasehold improvements | Other equipment | Outstanding works and equipment to be inspected | Total |
|---|---|---|---|---|---|---|
| 2024.1.1-balance | $ 224,694 | $ 120,651 | $ 359 | $ 56,891 | $ − | $ 402,595 |
| Depreciation expenses | 14,579 | 9,810 | 629 | 4,420 | − | 29,438 |
| Disposal | − | (951) | − | ( 1) | − | ( 952) |
| Reclassification | − | − | − | − | − | − |
| 2024.12.31-balance | $ 239,273 | $ 129,510 | $ 988 | $ 61,310 | $ − | $ 431,081 |
| 2024.12.31 net | $ 433,379 | $ 121,289 | $ 262 | $ 2,768 | $ − | $ 557,698 |

| Costs | House and Building | Machinery and equipment | Leasehold improvements | Other equipment | Outstanding works and equipment to be inspected | Total |
|---|---|---|---|---|---|---|
| 2023.1.1-balance | $ 671,665 | $ 250,242 | $ − | $ 63,165 | $ 828 | $ 985,900 |
| Add | 247 | 1,788 | 1,250 | 819 | − | 4,104 |
| Disposal | − | − | − | ( 1,480) | − | ( 1,480) |
| Reclassification | − | ( 2,123) | − | − | ( 828) | ( 2,951) |
| 2023.12.31-balance | $ 671,912 | $ 249,907 | $ 1,250 | $ 62,504 | $ − | $ 985,573 |

| Accumulated depreciation and impairment | House and Building | Machinery and equipment | Leasehold improvements | Other equipment | Outstanding works and equipment to be inspected | Total |
|---|---|---|---|---|---|---|
| 2023.1.1-balance | $ 210,634 | $ 108,902 | $ − | $ 48,828 | $ − | $ 368,364 |
| Depreciation expenses | 14,060 | 13,816 | 359 | 9,543 | − | 37,778 |
| Disposal | − | − | − | ( 1,480) | − | ( 1,480) |
| Reclassification | − | ( 2,067) | − | − | − | ( 2,067) |
| 2023.12.31-balance | $ 224,694 | $ 120,651 | $ 359 | $ 56,891 | $ − | $ 402,595 |
| 2023.12.31 net | $ 447,218 | $ 129,256 | $ 891 | $ 5,613 | $ − | $ 582,978 |

1. The Company's real estate, plants, and equipment are primarily for self-use.
2. The capitalized interest amount for real estate, plants, and equipment in 2023 and 2022 was NT$0 thousand.
3. Recognition (reversal) of impairment loss on property, plant, and equipment: None.
4. For information about the property, plant, and equipment used to provide collateral, please refer to Section 八.

（七） Lease Agreement

1. Right-of-use Assets

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Right-of-use Assets Book Value | | |

| | | |
|---|---|---|
| Land | $ 52,331 | $ 52,331 |
| Housing & Construction | 3,891 | 3,891 |
| Transport equipment | 984 | 2,799 |
| Total | $ 57,206 | $ 59,021 |
| Right-of-use Assets Accumulated Depreciation | | |
| Land | $ 15,831 | $ 13,192 |
| Housing & Construction | 2,918 | 973 |
| Transport equipment | 803 | 2,393 |
| Total | $ 19,552 | $ 16,558 |
| Right-of-use, net | $ 37,654 | $ 42,463 |

| Costs | Land | House and Building | Transport equipment | Total |
|---|---|---|---|---|
| 2024.1.1-balance | $ 52,331 | $ 3,891 | $ 2,799 | $ 59,021 |
| Increase during the period | – | – | – | – |
| Decrease during the period | – | – | (1,815) | (1,815) |
| 2024.12.31-balance | $ 52,331 | $ 3,891 | $ 984 | $ 57,206 |

| Accumulated depreciation | Land | House and Building | Transport equipment | Total |
|---|---|---|---|---|
| 2024.1.1-balance | $ 13,192 | $ 973 | $ 2,393 | $ 16,558 |
| Depreciation expense | 2,639 | 1,945 | 225 | 4,809 |
| Decrease during the period | – | – | (1,815) | (1,815) |
| 2024.12.31-balance | $ 15,831 | $ 2,918 | $ 803 | $ 19,552 |

| Costs | Land | House and Building | Transport equipment | Total |
|---|---|---|---|---|
| 2023.1.1-balance | $ 52,331 | $ – | $ 2,365 | $ 54,696 |
| Increase during the period | – | 3,891 | 434 | 4,325 |
| Decrease during the period | – | – | – | – |
| 2023.1.1-balance | $ 52,331 | $ 3,891 | $ 2,799 | $ 59,021 |

| Accumulated depreciation | Land | House and Building | Transport equipment | Total |
|---|---|---|---|---|
| 2023.1.1-balance | $ 10,554 | $ – | $ 1,827 | $ 12,381 |
| Depreciation expense | 2,638 | 973 | 566 | 4,177 |
| Decrease during the period | – | – | – | – |
| 2023.1.1-balance | $ 13,192 | $ 973 | $ 2,393 | $ 16,558 |

2. Lease liabilities

| | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Carrying amount of lease liabilities | | | | |
| Current | $ | 3,612 | $ | 4,575 |
| Non-current | $ | 36,171 | $ | 41,072 |

Discount rate for lease liabilities

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Plant, property, and equipment | 1.96%~5% | 1.96%~5% |

Other lease information:

（1） In 2024 and 2023, the Company chose to apply exemptions for short-term leases and low-value asset leases, not recognizing the related right-of-use assets and lease liabilities for such leases.

（2） Lease-related cost information for this period is as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| Short-term lease charges | $ | 243 | $ | 2,103 |
| Lease charges for low value assets | $ | 27 | $ | 145 |
| Total cash outflow from leases | $ | 4,575 | $ | 3,862 |

（八） Intangible assets

| Item | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Design fee | $ | 31,805 | $ | 31,805 |
| Computer Software | | 5,285 | | 4,500 |
| Total cost | | 37,090 | | 36,305 |
| Less: Accumulated amortisation and impairment | ( | 35,927) | ( | 34,317) |
| Total | $ | 1,163 | $ | 1,988 |

| Costs | Design fee | | Computer Software | | Total | |
|---|---|---|---|---|---|---|
| 2024.1.1-balance | $ | 31,805 | $ | 4,500 | $ | 36,305 |
| Add | | – | | 785 | | 785 |
| Disposal | | – | | – | | – |
| 2024.12.31-balance | $ | 31,805 | $ | 5,285 | $ | 37,090 |
| **Accumulated amortisation and impairment** | | | | | | |
| 2024.1.1-balance | $ | 31,587 | $ | 2,730 | $ | 34,317 |
| Amortisation charges | | 218 | | 1,392 | | 1,610 |
| Disposal | | – | | – | | – |

| | Design fee | Computer Software | Total |
|---|---|---|---|
| 2024.12.31-balance | $ 31,805 | $ 4,122 | $ 35,927 |
| 2024.12.31-balance, net | $ － | $ 1,163 | $ 1,163 |

| Costs | Design fee | Computer Software | Total |
|---|---|---|---|
| 2023.1.1-balance | $ 31,805 | $ 4,500 | $ 36,305 |
| Add | – | – | – |
| Disposal | – | – | – |
| 2023.12.31-balance | $ 31,805 | $ 4,500 | $ 36,305 |
| Accumulated amortisation and impairment | | | |
| 2023.1.1-balance | $ 26,761 | $ 1,830 | $ 28,591 |
| Amortisation charges | 4,826 | 900 | 5,726 |
| Disposal | – | – | – |
| 2023.12.31-balance | $ 31,587 | $ 2,730 | $ 34,317 |
| 2023.12.31-balance, net | $ 218 | $ 1,770 | $ 1,988 |

（九） Short-term borrowings

| Nature of Borrowing | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Borrowing | $ 49,004 | $ 58,304 |
| Credit Borrowing | 60,000 | 60,000 |
| Secured borrowings | $ 109,004 | $ 118,304 |
| Total | 3.40%~6.65% | 2%~7.68% |

For short-term loans, the Company provides some assets as collateral for the loans. For details, please refer to Section 八.

（十） Long-term Loans and Long-term Liabilities Due within One Year or One Operating Cycle

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Other guaranteed bank loans | $ 30,429 | $ 36,854 |
| Hotai Finance Co., Ltd. | － | 9,764 |
| Capital Bank Leasing Co. | － | 460,000 |
| Risheng Taisun Leasing Co. | 20,550 | 10,200 |
| Fina Finance & Trading Co., Ltd | 10,596 | 20,046 |
| Taichung Bank Leasing Corporation Limited | 499,500 | |
| Less: Long-term liabilities due within one year | ( 35,920) | ( 493,307) |
| Long-term borrowings, net | $ 525,155 | $ 43,557 |
| Interest rate band | 2.528%~6.000% | 2.403%~7.648% |

1. Collateral for loans:
   (1) The group signed a post-sale buyback contract with Capital Bank Leasing Co., Ltd; secured by real estate and plant and machinery. As of December 31, 2024, for details of the collateral provided by the Company for bank loans, please refer to Section 八.
   (2) The group signed a post-sale buyback contract with Capital Bank Leasing Co., Ltd; secured by inventory. As of December 31, 2023, for details of the collateral provided by the Company for bank loans, please refer to Section 八.
   (3) The inventory buy-back contract signed by the Group with Fina Finance & Trading Co., Ltd, in 2023 is secured by a performance guarantee deposit and inventory. As of December 31,

2023, for details of the collateral provided by the Company for bank loans, please refer to Section八.

(4) The inventory buy-back contract signed by the Group with Hotai Finance Co., Ltd, in 2024 is secured by a performance guarantee deposit and inventory. As of December 31, 2024, for details of the collateral provided by the Company for bank loans, please refer to Section八.

(十一) Retirement Benefit Plan

(1) Defined Contribution Plan

1. The company has established a defined contribution retirement plan according to "Labor Pension Act," which applies to employees of Taiwanese nationality. Regarding the portion of the labor retirement pension system that employees choose to apply, the company deducts 6% of their monthly salary to contribute to the labor retirement pension to the employee's individual account at the Labor Insurance Bureau. The payment of employees' retirement pension is based on the amount in the employee's individual retirement account and accumulated earnings, and can be received either as monthly stipend or as a lump-sum retirement payment.

2. The total expenses recognized in the individual comprehensive income statement in 2024 and 2023 according to the amount that should be contributed at the specified rate in the defined contribution plan were 8,143 thousand and 8,223 thousands, respectively.

(2) Defined Benefit Plan

Our company's defined benefit plan was approved and settled by the New Taipei Prefecture with the number 1111497532 in September 2022.

(十二) Stock

1. The number of common shares of the company in circulation and the adjustment of the amount at the beginning and the end of the period are as follows:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Number of shares (in thousands) | | Amount | Number of shares (in thousands) | | Amount |
| January 1 | 144,000 | $ | 1,440,000 | 124,000 | $ | 1,240,000 |
| Capital increase in cash | 30,000 | | 300,000 | 20,000 | | 200,000 |
| Capital reduction | (79,200) | | (792,000) | – | | – |
| December 31 | 94,800 | $ | 948,000 | 144,000 | $ | 1,440,000 |

2. As of December 31, 2024, the company's authorized capital is 2,500,000 thousand dollars, divided into 250,000 thousand shares. As of December 31, 2024, and 2023, the paid-up share capital is 948,000 thousand dollars and 1,440,000 thousand dollars respectively, issuing 94,800 thousand and 144,000 thousand shares respectively.
3. 3. On July 20, 2021, our company resolved at the shareholders' meeting to issue common shares via private placement within a quota of 150 million shares. On July 19, 2022, our company issued 4 million common shares through private placement, with a par value of NT$10 per share and a total private placement amount of NT$40 million. The change registration was completed on August 25, 2022. The remaining quota will not be used. The rights and obligations of the common shares issued in this private placement are the same as those of the other issued common shares, except that they are subject to transfer restrictions under the Securities and Exchange Act and can only be applied for listing and trading after three years from the delivery date and completion of the public offering procedures.
4. 4. On June 19th, 2023, the company resolved at the shareholders' meeting to privately issue common shares within the limit of 60,000 thousand shares. The company issued 20,000 thousand shares of privately placed common stock on June 19th, 2023, with a par value of 10 yuan per share and a private placement amount of 200,000 thousand yuan. June 30th, 2023, was the date of capital increase, and the change registration was completed on August 23rd, 2023. Apart from the restrictions on transferability and the requirement to wait three years from the delivery date and conduct public offering before applying for listing and trading, the rights

and obligations of this private placement of common stock are the same as those of other common stock already issued.

## （十三） Capital Reserve

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Recognised changes in ownership interest in subsidiaries | $ 125,100 | $ － |
| Lapse of share options | 12,765 | 12,765 |
| Sub-total | $ 137,865 | $ 33,017 |

## （十四） Retained Earnings

1. According to the company's dividend distribution policy stipulated in its articles of incorporation, if there is a profit in the annual financial statements, after paying taxes and dues and offsetting accumulated losses, 10% is set aside as statutory earnings reserve. However, if the statutory earnings reserve has reached the paid-in capital of the company, it need not be set aside further. The remaining amount is set aside or reversed as special earnings reserve in accordance with legal provisions. If there is a remaining balance, it will be combined with the accumulated undistributed profits, and the board of directors will propose a profit distribution proposal, and the shareholders' meeting will resolve to distribute dividends to shareholders.
2. Legal reserve profits, other than covering company losses and issuing new shares or cash according to the proportion of original shares held by shareholders, cannot be used. However, the part of the reserve that exceeds 25% of the actual capital received can be used for issuing new shares or cash.
3. The company's shareholder meeting in June 2024 and June 2023 resolved the profit distribution plan for the fiscal year 2023 and fiscal year 2022. As both years were in loss, no distribution was made.
4. For information on the profit distribution proposal of the board of directors and the resolution of the shareholders' meeting, please visit the "Public Information Observation Station" of the Taiwan Stock Exchange.

## （十五） Other equity

| Item | Exchange differences on translation of financial statements of foreign operating entities |
|---|---|
| 2024.1.1-balance | ($ 29,724) |
| Translation differences arising on translation of financial statements of foreign operating entities | 2,056 |
| 2024.12.31-balance | ($ 27,668) |

| Item | Exchange differences on translation of financial statements of foreign operating entities |
|---|---|
| 2023.1.1-balance | ($ 31,016) |
| Translation differences arising on translation of financial statements of foreign operating entities | 1,292 |
| 2023.12.31-balance | ($ 29,724) |

## （十六） Operating income

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Single sheet feeding printing department | Roll feeding printing department | Card printing department | Other Departments | Total |
| Main regional markets: | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Asia | $ 18,779 | $ 322,359 | $ 110,643 | $ 79,818 | 531,599 |
| America | 3,450 | 71,254 | 1,291 | 468 | 76,463 |
| Africa | 8,392 | 13,842 | 11,630 | 260 | 34,124 |
| Europe | 1,473 | 282,747 | 1,511 | 1,261 | 286,992 |
| Oceania | 236 | 1,635 | 2,337 | 230 | 4,438 |
| Total | $ 32,330 | $ 619,837 | $ 127,412 | $ 82,037 | $ 933,616 |
| Main product/service lines: | | | | | |
| Material consumption | $ 29,798 | $ 587,845 | $ 107,161 | $ – | $ 686,338 |
| Machinery | 2,513 | 101,254 | 18,646 | – | 155,944 |
| Components and others | 19 | 2,738 | 1,542 | 82,037 | 91,334 |
| Total | $ 32,330 | $ 691,837 | $ 127,349 | $ 82,037 | $ 933,616 |

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Single sheet feeding printing department | Roll feeding printing department | Card printing department | Other Departments | Total |
| Main regional markets: | | | | | |
| Asia | $ 18,836 | $ 237,021 | $ 21,421 | $ 55,006 | $ 432,284 |
| America | 3,052 | 52,509 | 2,220 | 173 | 57,954 |
| Africa | 8,502 | 1,678 | 2,385 | 531 | 13,096 |
| Europe | 3,713 | 115,724 | 22,465 | 185 | 142,087 |
| Oceania | 99 | 1,988 | 919 | 122 | 3,128 |
| Total | $ 34,202 | $ 408,920 | $ 149,410 | $ 56,017 | $ 648,549 |
| Main product/service lines: | | | | | |
| Material consumption | $ 31,681 | $ 311,009 | $ 59,405 | $ 9,954 | $ 412,049 |
| Machinery | 2,471 | 88,882 | 85,232 | – | 176,585 |
| Components and others | 2,337 | 50 | 9,029 | 4,773 | 46,063 |
| Total | $ 34,202 | $ 408,920 | $ 149,410 | $ 56,017 | $ 648,549 |

（1）Contract balance

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Notes and accounts receivable (including related parties) | $ 77,131 | $ 35,255 |
| Less: Allowance for losses | ( 1,420) | ( 449) |
| Total | $ 75,711 | $ 34,806 |

## （十七） Other income

| | 2024 | 2023 |
|---|---|---|
| Rental income | $ 17,413 | $ 17,979 |
| Royalty income | – | 1,193 |
| Government grants | – | 258 |
| Other income | 5,640 | 4,902 |

| | | |
|---|---|---|
| Total | $ 23,053 | $ 24,332 |

（十八） Other benefits and losses

| | 2024 | 2023 |
|---|---|---|
| Net foreign currency exchange gain | $ 951 | $ 1,713 |
| Loss on disposal of property, plant and equipment | ( 1) | - |
| Compensation losses | ( 2,202) | - |
| Lease modification interest (loss) | - | ( 94) |
| Other losses | ( 1,656) | ( 2,758) |
| Total | ($ 2,908) | ($ 1,139) |

（十九） Financial Costs

| | 2024 | 2023 |
|---|---|---|
| Interest charges | $ 36,924 | $ 32,270 |
| Interest on lease liabilities | 885 | 927 |
| Finance costs | $ 37,809 | $ 33,197 |

（二十） Staff benefits, depreciation and amortisation expenses

| | 2024 | | |
|---|---|---|---|
| By Nature | Operating Costs | Operating expenses | Total |
| Staff Welfare Costs | | | |
| Salary Costs | $ 109,964 | $ 61,457 | $ 171,421 |
| Health Insurance Costs | 12,994 | 5,667 | 18,661 |
| Pension costs | 5,082 | 3,060 | 8,142 |
| Directors' remuneration | - | 165 | 165 |
| Other staff benefit costs | 1,871 | 2,215 | 4,086 |
| Depreciation expenses | 25,616 | 8,631 | 34,247 |
| Amortisation charge | - | 1,610 | 1,610 |

| | 2023 | | |
|---|---|---|---|
| By Nature | Operating Costs | Operating expenses | Total |
| Staff Welfare Costs | | | |
| Salary Costs | $ 95,370 | $ 66,398 | $ 161,768 |
| Health Insurance Costs | 11,634 | 5,712 | 17,346 |
| Pension costs | 5,016 | 3,207 | 8,223 |
| Directors' remuneration | - | 90 | 90 |
| Other staff benefit costs | 5,365 | 267 | 5,632 |
| Depreciation expenses | 32,598 | 9,357 | 41,955 |
| Amortisation charge | - | 5,726 | 5,726 |

| | 2024 | 2023 |
|---|---|---|
| Number of employees | 192 | 175 |
| Number of directors who are not also employees | 3 | 3 |
| Average employee benefit costs | $ 1,021 | $ 1,122 |
| Average staff salary costs | $ 907 | $ 941 |
| Adjustments to average staff salary costs | (3.61%) | 27.5% |
| Supervisors' remuneration | $ - | $ - |

Salary and remuneration policy (including directors, supervisors, managers, and employees):
Directors, Supervisors and Managers' Salaries
The structure of our company's general directors and supervisors' remuneration consists of an execution of duties reward and director remuneration distributed according to the company's articles of association. The execution of duties reward is a fixed salary paid monthly; the director remuneration is distributed monthly according to the company's articles of association at a rate not exceeding 3%. At the end of the year, an annual performance evaluation of the board of directors and its relevant members is conducted according to the "Board of Directors Performance Evaluation Method" of the company. The evaluation results are combined with the salary and remuneration committee for consideration of director remuneration distribution, and then submitted to the board of directors for discussion.

Employee Compensation
The company's policy, standards, and combinations, procedures, and the relationship between the management's performance and future risks: the remuneration amount of the company's managers is determined based on their duties, contributions, the company's operating performance for the year, and consideration of the company's future risks, through the evaluation of the remuneration committee.
Our company is committed to providing employees with compensation and benefits above the average level of the industry. Under the premise of considering external competition, internal fairness, and legality, we offer diverse and competitive compensation systems, and adhere to the concept of sharing profits with employees, attracting, retaining, developing, and motivating our employees. The compensation of our company's employees includes monthly salaries and employee remuneration distributed based on the annual profitability of the company. According to Article 29 of the company's charter, 10% to 20% of annual profits are used as employee remuneration.

Annual employee remuneration is a way to give back to our employees, reward their contributions, and inspire them to continue their efforts, thereby linking employee benefits with shareholder interests to create a win-win situation for the company, shareholders, and employees. The company determines the total amount of cash bonuses and employee remuneration based on the company's operational results and the payment level of the domestic industry. The amount and distribution method are proposed by the Compensation Committee to the Board of Directors, and the employee remuneration is distributed after being approved by the board; the amount distributed to each employee depends on their position, contribution, and performance. Following the same concept, the compensation for the employees of the company's overseas subsidiaries, in addition to being set at competitive salary levels based on the local labor market conditions, also follows local laws, industry practices, and the overall operational performance of each subsidiary to distribute annual bonuses, encouraging long-term contributions and shared growth with the company.
According to the company's regulations, if there are profits in the year, 10% to 20% should be set aside for employee remuneration, which is decided by the board of directors and distributed in stocks or cash. The distribution targets include employees of subsidiary companies who meet certain conditions; the company can set aside an amount not exceeding 3% of the profits for director and supervisor remuneration. However, when the company has accumulated losses, it should reserve an amount to offset the losses before setting aside employee and director and supervisor remuneration.
Both 2022 and 2021 were in a loss, and there was no plan to distribute employee and director and supervisor remuneration, so it is estimated that both are zero. However, if there are differences between the actual distributed amount and the estimated amount in the future, it will be regarded as a change in accounting estimates and will be listed as the income of the next fiscal year.
In March 2022 and March 2021, the board of directors decided to distribute employee and director and supervisor remuneration for 2021 and 2020, both of which were zero, with no difference from the employee and director and supervisor remuneration recognized in the financial report.

For information on employee and director and supervisor remuneration decided by the board of directors, please check the Taiwan Stock Exchange "Public Information Observation Station".

（二十一）Income tax

1. Income tax expense

(1) Income tax expense components:

| | 2024 | 2023 |
|---|---|---|
| Total current year income tax | $ － | $ － |
| Deferred income tax expense (gain) | － | － |
| Income tax expense | $ － | $ － |

(2) Income tax (expenses) benefits related to other comprehensive income: none

2. The adjustment of the year's accounting income and the recognized income tax expense is as follows:

| | 2023 | 2022 |
|---|---|---|
| Net loss before taxation | ($ 124,773) | ($ 203,990) |
| Tax on net profit before tax at statutory rate | ($ 24,955) | ($ 40,798) |
| Income tax adjustments: | | |
| Change in unrecognized temporary differences | 8,300 | 11,929 |
| Assessed additional income tax for previous fiscal year. | 16,655 | 25,316 |
| Other | － | 3,553 |
| Income tax expense | $ － | $ － |

The Group's individual tax rate under the Income Tax Act of the Republic of China is 20%, and the tax rate for undistributed earnings is 5%.

3. Deferred income tax assets or liabilities arising from temporary differences, loss carryforwards, and investment credits:

| | 2024 | | | |
|---|---|---|---|---|
| Item | Beginning balance | Recognized in (loss) profit | Recognized in other comprehensive (loss) income | Ending balance |
| Deferred income tax assets. | | | | |
| Temporary differences | | | | |
| Unrealised gains between associates | $ 8,926 | ($ 1,318) | $ － | $ 7,608 |
| Loss carryforwards | 26,915 | 2,219 | － | 29,134 |
| Other | 18,320 | ( 901) | － | 17,419 |
| Subtotal | $ 54,161 | － | － | $ 54,161 |
| Deferred income tax liabilities. | | | | |
| Temporary differences | | | | |
| Unrealised exchange gain | $ 420 | $ － | $ － | $ 420 |
| Sub-total | $ 420 | $ － | $ － | $ 420 |
| Total | $ 53,741 | $ － | $ － | $ 53,741 |

| Item | 2023 Beginning balance | Recognized in (loss) profit | Recognized in other comprehensive (loss) income | Ending balance |
|---|---|---|---|---|
| Deferred income tax assets. | | | | |
| Temporary differences | | | | |
| Unrealised gains between associates | $ 10,481 | ($ 1,555) | $ – | $ 8,926 |
| Loss carryforwards | 24,288 | 2,627 | – | 26,915 |
| Other | 19,392 | ( 1,072) | – | 18,320 |
| Subtotal | $ 54,161 | – | – | $ 54,161 |
| Deferred income tax liabilities. | | | | |
| Temporary differences | | | | |
| Unrealised exchange gain | $ 420 | $ – | $ – | $ 420 |
| Sub-total | $ 420 | $ – | $ – | $ 420 |
| Total | $ 53,741 | $ – | $ – | $ 53,741 |

4. Items for which deferred income tax assets have not been recognized:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Loss carryforwards | $ 145,431 | $ 125,861 |

5. The Company's income tax business has been approved by the tax authorities until the year 2022.

（二十二） Other comprehensive profit or loss

| Item | 2024 Pre-tax | Income tax | Net after tax |
|---|---|---|---|
| Items that may subsequently be reclassified to profit or loss: Exchange differences on translation of financial statements of foreign operating entities | $ 2,056 | $ - | $ 2,056 |

| Item | 2023 Pre-tax | Income tax | Net after tax |
|---|---|---|---|
| Items that may subsequently be reclassified to profit or loss: Exchange differences on translation of financial statements of foreign operating entities | $ 1,292 | $ - | $ 1,292 |

Earnings per share

| | 2024 | 2023 |
|---|---|---|
| Net loss for the period | ($ 124,773) | ($ 203,990) |
| Weighted average number of shares outstanding during the period (in thousands) | 115,121 | 134,082 |

| | | |
|---|---|---|
| Basic earnings per share (after tax) (NT$) | ($ 1.08) | ($ 1.52) |

（二十三） Adjustments to liabilities arising from financing activities

| | 2024/01/01 | Net change in financing cash flows | Effect of other non-cash movements | 2024/12/31 |
|---|---|---|---|---|
| Lease liabilities | $ 44,358 | ($ 4,575) | $ - | $ 39,783 |
| Short-term borrowings | 118,304 | (9,300) | - | 109,004 |
| Long-term loans | 536,864 | 24,211 | - | 561,075 |
| Deposit Guarantee | 3,067 | - | - | 3,067 |
| Total | $ 702,593 | $ 40,201 | $ - | $ 702,593 |

| | 2023/01/01 | Net change in financing cash flows | Effect of other non-cash movements | 2023/12/31 |
|---|---|---|---|---|
| Lease liabilities | $ 43,895 | ($ 3,862) | $ 4,325 | $ 44,358 |
| Short-term borrowings | 89,146 | 29,158 | - | 118,304 |
| Long-term loans | 523,189 | 13,675 | - | 536,864 |
| Deposit Guarantee | 1,837 | 1,230 | - | 3,067 |
| Total | $ 658,067 | $ 40,201 | $ 4,325 | $ 702,593 |

## 七、Transactions with Related Parties

### （一）Names and relationships of related parties

| Name of related party | Relationship with the Company |
|---|---|
| Hiti Digital Singapore PTE LT.(HSU) | Subsidiary |
| HiTi Digital America, Inc. (HTA) | Subsidiary |
| HiTi de Mexico, S. de R.L. de C.V. (HMC) | Subsidiary |
| CHC Technology Inc. (CHC) | Subsidiary |
| HiTi Digital (Suzhou) Co. (HTS) (Note 1) | Subsidiary |
| HiTi Digital Europe Srl (HEU) | Sub-Subsidiary |
| KUO CHIEN LEASING CO., LTD | Substantial Related Party |

Note 1: Hi-Touch Imaging Technologies and Hua Shan Investments Limited were liquidated this year and transferred their equity investments in HiTi Digital (Suzhou) Co. to the company. The case was approved by the Investment Review Committee of the Ministry of Economic Affairs on June 29, 2021.

### （二）Significant transactions with related parties

1. Operating revenue

| Type/Name of Related Party | 2024 | 2023 |
|---|---|---|
| HTS | $ - | $ 34 |
| HTA | 75,483 | 56,134 |
| HMC | - | 901 |
| HSU | - | 52,910 |

| | | |
|---|---|---|
| HEU | 16,075 | 50,796 |
| CHC | 77,954 | 40,640 |
| Total | $ 169,512 | $ 201,415 |

The company's selling price to its subsidiaries is decided according to their business models and capital requirements, and payments are collected from the subsidiaries based on their capital turnover situation. The credit period for non-related parties is 30-90 days from the end of the month.

Note: This has deducted the amount of processing by the company.

2. Purchase

The Company's purchases from related parties were as follows:

| Type/Name of Related Party | 2024 | 2023 |
|---|---|---|
| CHC | $ 284,631 | $ 222,499 |

Note: It has already deducted the processing amount of the company.

3. Amounts due from related parties (excluding loans to related parties)

| Item | Type/Name of Related Party | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| | CHC | 55,748 | 5,233 |
| | HEU | 11,140 | 12,151 |
| | Subtotal | 66,888 | 17,384 |
| | HEU | – | 15,024 |
| | CHC | 19,239 | 3,733 |
| | Subtotal | 19,239 | 18,757 |
| Total | | $ 86,127 | $ 36,141 |

4. Amounts due to related parties

| Item | Type/Name of Related Party | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Other payables | HSU | – | 31,180 |
| | Substantial Related Party | 7,730 | 7,730 |
| Total | | $ 7,330 | $ 38,910 |

5. Borrowings to related parties (included in other receivables - related parties)

| Type/Name of Related Party | December 31, 2024 | December 31, 2023 | Transaction |
|---|---|---|---|
| CHC | $ 41,729 | $ 41,199 | Interest |
| Interest Range | 2% | 2% | |

The amounts of interest income in 2024 and 2023 are NT$1,131 thousand and NT$1,029 thousand.

6. Endorsement Guarantee

| Type/Name of Related Party | December 31, 2024 | December 31, 2023 |
|---|---|---|
| CHC | $ 55,000 | $ 55,000 |

7. Prepayments

| Item | Type/Name of Related Party | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Equipment Purchase | CHC | $ 62,900 | $ 62,900 |
| Inventory Purchase | CHC | $ 131,985 | $ 9,747 |

8. Advanced Payment

| Account Entry | Type/Name of Related Party | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Advanced Payment | HMC | $ - | $ 1,672 |
| | HTA | $ 14,372 | $ 11,042 |
| Other Receivable | HSG | $ - | $ 31,180 |

9. Other

(1) In September 2023, the Company purchased 28,571 thousand shares of CHC Technology Inc, a subsidiary, from related parties - GuoQian Leasing and Guanfeng Investment, at a price of 7 yuan per share, with a total transaction amount of NT$200,000 thousand.

(2) The company leased part of its factory to its subsidiary in 2023 and 2022. The rental income was NT$16,155 thousand and NT$16,145 thousands, respectively.

(3) As of December 31, 2023, and 2022, the company's receivables from its subsidiary HMC were NT$0 and NT$1,404 thousand, respectively. As it exceeded the normal credit period (three months), the company transferred it as a loan, listed under "Other Receivables - Related Parties".

(4) As of December 31, 2023, and 2022, the company's receivables from its subsidiary HEU were NT$15,024 thousand and NT$18,955 thousand, respectively. Since it exceeded the normal credit period (three months), the company transferred it as a loan, listed under "Other Receivables - Related Parties".

(5) The company signed a contract to purchase a ROTOMEC gravure coating printer from its subsidiary, CHC Technology Inc., in September 2020 and completed the acceptance in August 2021. As of December 31, 2022, CHC Technology Inc. has not yet completed the setting up of bank guarantees for cancellation.

(三) Compensation information for major management levels

| | 2024 | 2023 |
|---|---|---|
| Salaries and other short-term staff benefits | $ 7,234 | $ 6,792 |
| Post-employment benefits | 315 | 319 |
| Total | $ 7,549 | $ 7,111 |

## 八、Pledged assets

The following assets have been provided as collateral for various loans and performance guarantees:

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Other financial assets - current | $ 25,266 | $ 27,414 |
| Property, plant and equipment (net) | 538,100 | 468,726 |

| | | |
|---|---|---|
| Inventories (net) | 163, 710 | 167, 774 |
| Guarantee deposits on deposits | 53, 200 | 45, 900 |
| Accounts Receivable | － | 18, 249 |
| Total | $ 780, 276 | $ 728, 063 |

九、Significant contingent liabilities and unrecognized contractual commitments

The company's unrecognized commitments to acquire real estate, factories, equipment, and new construction projects are as follows:

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Acquisition of property, plant and equipment | $ 7, 660 | $ 7, 660 |

十、Significant disaster losses: none

十一、Significant post-event matters: none

十二、Others

(一) Sound operation plan

The net loss of our company for the fiscal year 2023 was NT$203,990 thousand. The cumulative loss as of December 31, 2023, was NT$973,057 thousand. Continuous operating losses have been incurred, and the financial statements as of December 31, 2023, were prepared under the going concern assumption. The management did not make adjustments due to the above situation.
Our company expects to take the following measures to improve operating performance and financial status:

(1) In terms of business:

A. Our sublimation photo business department will adopt a diversified approach to critical component and photographic paper suppliers to reduce production costs, shorten inventory time, and alleviate financial pressure, thereby increasing product price competitiveness.

B. Our sublimation photo business department has successfully upgraded to the second-generation photographic paper process in the fiscal year 107. After the related production capacity stabilizes, it is expected to reduce manufacturing costs and improve product market competitiveness through fewer processes and more environmentally friendly production methods.

In conclusion, our company's future operational direction will focus on establishing a stable source of critical components, cooperating with lower production costs to expand the global market share of sublimation products, and it is expected to effectively increase operating income. The cash flow from future operating activities is expected to improve effectively.

(2) Finance:

A. The company will adjust the sales and collection terms for global customers and reposition the subsidiaries to reduce related costs and expenditures.
B. The company will actively negotiate with banks to renew short and medium-term loan credit limits to maintain short and medium-term operational capital requirements, improve the financial structure and ensure sufficient operational capital.
C. The company will streamline the organizational structure and save on various costs and expenditures.
D. Actively negotiate with banks to extend short-term loans and increase loan amounts.
E. Plan to actively dispose of the company's idle assets.
F. Actively seek strategic investment targets to enrich operating capital.
G. Obtain a commitment letter from major shareholders for continued financial support to the company.
H. Carry out capital reduction to cover losses, private placement of ordinary shares, and private placement of domestic secured convertible corporate bonds.

In summary, our product research and development team is actively developing a variety of software, system peripherals, payment systems, and other integrated systems designed to meet different business application needs, and providing system integrators and distributors with more advantageous prices and quality, and more refined and thoughtful services.

In addition to the sublimation photo business department adopting a diversified approach to critical component and photographic paper suppliers to reduce production costs, shorten inventory time, and alleviate financial pressure, thereby increasing product price competitiveness, we also adjust the group investment structure and reposition the subsidiaries to save on related costs and expenditures; it is foreseeable that the future operation will improve and increase.

## (二) Financial Instruments

### 1. Types of Financial Instruments

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Financial assets | | |
| Financial assets measured at amortised cost | | |
| Cash and cash equivalents | $ 210,670 | $ 7,059 |
| Notes and accounts receivable (including related parties) | 75,711 | 34,806 |
| Other receivables (including related parties) | 67,915 | 61,044 |
| Other financial assets - current | 25,266 | 27,414 |
| Guarantee deposits on deposit | 58,881 | 51,957 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | | |
| Short-term borrowings | $ 109,004 | $ 118,304 |
| Notes and accounts payable (including related parties) | 76,099 | 76,091 |
| Other payables (including related parties) | 71,865 | 104,842 |
| Long-term loans (including those due within one year) | 561,075 | 536,864 |
| Deposits as security deposits | 3,067 | 3,067 |

### 2. Financial Risk Management Policy

The Company's daily operations are influenced by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. To mitigate related financial risks, the Company is dedicated to identifying, evaluating, and avoiding market uncertainties to reduce the potential adverse impact of market fluctuations on the company's financial performance. Important financial activities of the Company are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the execution of financial plans, the Company must strictly adhere to the financial operation procedures related to overall financial risk management and responsibility division.

### 3. Nature and Extent of Significant Financial Risks

#### (1) Market Risk

##### A. Exchange Rate Risk

The business the Company engages in involves several non-functional currencies, so it is affected by exchange rate fluctuations. To mitigate related financial risks, the Company strives to identify, evaluate, and avoid market uncertainties to reduce the potential adverse impact of market fluctuations on financial performance. Exchange Rate Exposure and Sensitivity Analysis as followed:

| | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Boook Value | | | Sensitivity Analysis | | |
| | Foreign currency | Exchange rate | NT$ | Degree of Variance | Gain/Loss Effect | Impact on Equity |
| (Foreign Currence：Functional Currency) | | | | | | |

| | Foreign currency | Exchange rate | NT$ | Degree of Variance | Gain/Loss Effect | Impact on Equity |
|---|---|---|---|---|---|---|
| Financial assets: | | | | | | |
| Monetary items | | | | | | |
| USD:NT$ | $ 2,033 | 32.785 | $ 66,652 | 1% | $ 667 | – |
| EUR:NT$ | 740 | 34.2407 | 25,338 | 1% | 25 | – |
| JPY:NT$ | 5,797 | 0.2099 | 1,217 | 1% | 12 | – |
| CNY:NT$ | 17 | 4.5608 | 78 | 1% | 1 | – |
| Financial liabilities: | | | | | | |
| Monetary items: | | | | | | |
| USD:NT$ | $ 1,927 | 32.785 | $ 63,177 | 1% | $ 631 | – |
| EUR:NT$ | – | 34.2407 | – | 1% | – | – |
| JPY:NT$ | 61,468 | 0.2099 | 12,902 | 1% | 129 | – |
| CNY:NT$ | 220 | 4.5608 | 1,003 | 1% | 10 | – |

| | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Boook Value | | | Sensitivity Analysis | | |
| | Foreign currency | Exchange rate | NT$ | Degree of Variance | Gain/Loss Effect | Impact on Equity |
| (Foreign Currence：Functional Currency) | | | | | | |
| Financial assets: | | | | | | |
| Monetary items | | | | | | |
| USD:NT$ | $ 1,293 | 30.705 | $ 39,702 | 1% | $ 397 | – |
| EUR:NT$ | 555 | 34.1255 | 18,940 | 1% | 189 | – |
| JPY:NT$ | 46 | 0.2172 | 10 | 1% | – | – |
| CNY:NT$ | 16 | 4.34 | 69 | 1% | 1 | – |
| Financial liabilities: | | | | | | |
| Monetary items: | | | | | | |
| USD:NT$ | $ 1,696 | 30.705 | $ 52,076 | 1% | $ 521 | – |
| EUR:NT$ | 400 | 34.1255 | 13,650 | 1% | 137 | – |
| JPY:NT$ | 48,901 | 0.2172 | 10,621 | 1% | 106 | – |
| CNY:NT$ | 220 | 4.34 | 955 | 1% | 10 | – |

The Group's exchange rate risk sensitivity analysis mainly targets the main foreign currency monetary items and non-monetary items at the end of the financial reporting period, and their related foreign currency appreciation/depreciation impact on the company's profit and loss and equity. The Group's exchange rate risk is mainly affected by USD exchange rate fluctuations. When the USD appreciates by 1%, the company's net profit after tax for 2024 and 2023 will decrease by NT$65 thousands and NT$124 thousands, respectively.
The Group's monetary items do not have significant unrealized exchange losses due to exchange rate fluctuations.

B. Interest Rate Risk

The carrying amount of the company's financial assets and financial liabilities subject to interest rate risk on the reporting date is as follows:

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Fair value interest rate risk instruments: | | |
| Financial assets | $ 450 | $ 450 |
| Financial liabilities | – | – |
| Net | $ 450 | $ 450 |

| Item | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Fair value interest rate risk instruments: | | |
| Financial assets | $ 234,738 | $ 23,148 |

| | | |
|---|---|---|
| Financial liabilities | ( 670,079) | ( 655,168) |
| Net | ($ 435,341) | ($ 632,020) |

(a) The Group has not classified any financial assets and liabilities with fixed interest rates as financial assets measured at fair value through profit or loss and through other comprehensive income. It also has not designated derivative instruments (interest rate swaps) as hedging instruments under the fair value hedge accounting model. Therefore, changes in the interest rate on the reporting date will not affect profit and loss, equity, and other comprehensive net income.

(b) The Group's variable rate financial instruments are floating-rate assets (liabilities), so changes in market interest rates will cause their effective interest rate to change, causing fluctuations in future cash flows. Every 1% increase in the market interest rate will reduce the net income of 2024 and 2023 by NT$4,349 thousand units and NT$6,316 thousand units, respectively.

(2) Credit Risk

Credit risk refers to the risk that the counterparty violates the contractual obligation and causes financial loss to the Group. The Group's credit risk mainly comes from accounts receivable generated by operating activities and bank deposits and other financial instruments generated by investment activities. Operational credit risk and financial credit risk are managed separately.

A. Operational Related Credit Risk:

To maintain the quality of accounts receivable, the Group has established procedures for managing operational related credit risk. The risk assessment of individual customers considers factors that may affect the customer's ability to pay, including the customer's financial situation, the Group's internal credit rating, historical transaction records, and the current economic situation.

B. Financial Credit Risk:

The credit risk of bank deposits and other financial instruments is measured and monitored by our finance department. Since our counterparties and obligors are all banks and financial institutions with good credit ratings and investment-grade or above, corporate organizations, and government agencies, there are no significant doubts about their performance. Therefore, there is no significant credit risk. Furthermore, our Group does not have debt instrument investments measured at amortized cost and fair value through other comprehensive income.

(A) Concentration of Credit Risk

Our customer base is broad and unaffiliated, hence the concentration of credit risk is limited.

(B) Measurement of Expected Credit Loss

Receivables: The simplified method is adopted, please refer to Section 六(三). The basis for determining whether the credit risk has significantly increased: none. (Our Group does not have debt instrument investments measured at amortized cost and fair value through other comprehensive income)

(C) The financial assets held by our Group have not been guaranteed or otherwise secured to mitigate the credit risk of the financial assets.

(3) Liquidity Risk

(A) Liquidity Risk Management:

The goal of our Group's liquidity risk management is to maintain cash and cash equivalents, highly liquid securities, and sufficient bank financing to ensure that our Group has sufficient financial flexibility.

(B) Financial Liability Maturity Analysis

The table below shows the analysis of our Group's financial liabilities according to maturity date and the undiscounted amount due:

| Non-derivative financial liabilities | December 31, 2024<br>Within 6 months | 6-12 months | 1-2 years | 2-5 years | Over 5 years | Contract Cash Flow | Carrying amount |
|---|---|---|---|---|---|---|---|
| Short-term borrowings | $ 110,725 | $ – | $ – | $ – | $ – | $ 110,725 | $ 109,004 |
| Notes payable | 3,325 | – | – | – | – | 3,325 | 3,325 |
| Accounts payable (including related parties) | 72,774 | – | – | – | – | 72,774 | 72,774 |
| Other payables (including related parties) | 71,865 | – | – | – | – | 71,865 | 71,865 |
| Long-term borrowings (including due within one year) | 34,578 | 33,873 | 49,771 | 533,009 | – | 651,231 | 561,075 |
| Lease liabilities | 2,689 | 1,688 | 3,220 | 9,545 | 28,103 | 45,225 | 39,783 |
| Deposits for security deposits | 3,067 | – | – | – | – | 3,067 | 3,067 |
| Total | $ 299,023 | $35,541 | $52,991 | $542,554 | $ 28,103 | $ 958,212 | $ 860,893 |

| Non-derivative financial liabilities | December 31, 2023<br>Within 6 months | 6-12 months | 1-2 years | 2-5 years | Over 5 years | Contract Cash Flow | Carrying amount |
|---|---|---|---|---|---|---|---|
| Short-term borrowings | $ 120,148 | $ – | $ – | $ – | $ – | $ 120,148 | $ 118,304 |
| Notes payable | 3,119 | – | – | – | – | 3,119 | 3,119 |
| Accounts payable (including related parties) | 72,972 | – | – | – | – | 72,972 | 72,972 |
| Other payables (including related parties) | 104,842 | – | – | – | – | 104,842 | 104,842 |
| Long-term borrowings (including due within one year) | 31,042 | 483,093 | 18,809 | 27,276 | – | 560,220 | 536,864 |
| Lease liabilities | 2,771 | 2,688 | 4,396 | 9,545 | 31,285 | 50,685 | 44,358 |
| Deposits for security deposits | 3,067 | – | – | – | – | 3,067 | 3,067 |
| Total | $ 337,961 | $485,781 | $23,205 | $36,821 | $ 31,285 | $ 915,053 | $ 883,526 |

Our Company does not anticipate any significant changes in the timing of the cash flow of the maturity date analysis or the actual amount.

（三）Fair Value Information:

1. Definitions of the three levels of fair value

Level 1:

The input values for this level are active market quotations for identical instruments in an active market. An active market refers to a market that meets all of the following conditions: homogeneous commodities are traded in the market; willing buyers and sellers can be found in the market at any time, and price information is available to the public.

Level 2:

This level's input values are observable prices other than active market quotations, including direct (such as prices) or indirect (derived from prices) observable inputs obtained from active markets.

Level 3:

The input values for this level are input parameters for measuring fair value that are not based on observable inputs available in the market.

2. Financial instruments not measured at fair value

For financial instruments not measured at fair value by our Group, except for those listed in the table below, other items such as cash and cash equivalents, receivables, other financial assets, security deposits, short-term loans, payables, lease liabilities (including current and non-current), long-term loans (including those due within a year or an operating cycle), and security deposits, their carrying amounts are a reasonable approximation of fair value.

## 十三、Supplementary Disclosures

### (一) Information Related to Significant Transactions (Before consolidation elimination)

1. Lending funds to others: Annex 1.
2. Endorsing and guaranteeing for others: Annex 2.
3. Holding valuable securities at the end of the period: None.
4. The amount of accumulated purchases or sales of the same valuable securities reaches NT$ 300 million or more than 20% of the actual paid-in capital: None.
5. The amount of acquisition of real estate reaches NT$ 300 million or more than 20% of the actual paid-in capital: None.
6. The amount of disposal of real estate reaches NT$ 300 million or more than 20% of the actual paid-in capital: None.
7. The amount of purchases and sales from related parties reaches NT$ 100 million or more than 20% of the actual paid-in capital: Annex 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Engaging in derivative product transactions: None.

### (二) Information related to reinvestment in businesses (not including investment in Mainland China): Annex 5.

### (三) Information on investments in Mainland China (Before consolidation elimination): Annex 6.

### (四) Major shareholder information: Annex 7.

## 十四、Department Information

The company has disclosed departmental information in the consolidated financial report, hence individual financial reports are not disclosed.

Annex 1

HiTi Digital Inc.
Lending of funds to others
2024/12/31

| No. (Note 1) | Loan Funded Companies | Loan recipients | Previous Subjects | Is a related person | Maximum amount for the period | End of term balance | Actual expenditure for the period | Interest Rate Range | Funding and nature of loans | Amount of business transactions | There are reasons why short-term financing is necessary | Allowance Amount of doubtful debts | Collateral Name | Collateral Value | Funding limits for individual targets | Capital Credits and Total Limits | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The company | CHC | Other receivables | Y | 45,000 | 45,000 | 36,866 | 2% | 1 | 226,292 | Business Dealings | - | — | - | 75,237 | 300,947 | - |
| 2 | The company | CHC | Other receivables | Y | 37,000 | 55,000 | - | 2% | 2 | - | Operational Turnaround | - | — | - | 75,237 | 300,947 | - |
| 3 | The company | HiTi Digital Europe Srl | Other receivables | Y | 25,898 | - | - | 0% | 1 | 43,905 | Business Dealings | - | — | - | 43,905 | 300,947 | 2 |

Note1： According to the company's "Procedures for Lending Funds to Others", when there are subsidiaries in need of short-term capital, the individual loan amount should not exceed 10% of the company's net worth, and the total amount of funds lent should not exceed 40% of the company's net worth. For foreign companies in which the company directly and indirectly holds 100% of the voting rights, or foreign companies that lend funds to the company, the total amount of loans and the limit for individual subjects should not exceed 100% of the net worth of the company.

Note 2： As per the company's "Procedures for Lending Funds to Others", when the foreign companies in which the company directly and indirectly holds 100% of the voting rights lend funds, if there are business transactions, the funds lent to a single enterprise should not exceed the amount of business transactions. The so-called business transaction amount is determined by the higher of the actual average purchases and sales of both parties in the last two years, and it should not exceed 10% of the parent company's net worth. The total amount of funds lent should not exceed 40% of the company's net worth.

Note 3： The method for filling in the nature of lending is as follows:

(1) Fill in 1 for those with business transactions.

(2) Fill in 2 for those in need of short-term financing.

Note 4： The aforementioned transactions have been offset when preparing the consolidated financial statements.

Note 5: The subsidiary (HMC) has completed the registration process with the local government in Mexico in July 2022 to convert the loan into capital, thereby resolving the overdue loan situation.

HiTi Digital Inc. and its subsidiaries

Endorsement for others

December 31, 2024

Annex 二

| No. (Note 1) | Name of the company endorsing the guarantor | Endorsed by | | Guarantee limit for single enterprise endorsement (Note 3) | Maximum Endorsement Guarantee Balance for the period | Endorsement guarantee balance at the end of the period | Actual spending balance | Amount of guarantee by endorsement of property | Ratio of cumulative endorsement guarantee to net worth of most recent financial statements | Maximum Endorsement Guarantee (Note 4) | Parent company to subsidiary | Subsidiary endorsement of parent company | Guaranteed endorsement for Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company Name | Relationships (Note 2) | | | | | | | | | | |
| 0 | The company | CHC Technology Inc. | 1 | $ 225,710 | $ 55,000 | $ 55,000 | $ 20,539 | $ - | 2.73% | $ 338,565 | Y | N | N |

Note 1: The description of the column "Number" is as follows:

(1) Fill in 0 for the issuer.

(2) For invested companies, use Arabic numerals from 1 in sequence.

Note 2: The relationship between the guarantor and the guaranteed party is as follows:

(1) Companies with business transactions.

Note 3: The balance of endorsements and guarantees for a single enterprise by the Company is limited to not more than thirty percent of the Company's net value. Endorsements and guarantees are engaged due to business dealings, not exceeding the amount of business dealings between the two parties.

The so-called business dealings refer to the higher of the actual amount of purchases and sales between the two parties in the past two years, and not more than 30% of the company's net value.

Note 4: The calculation method of the maximum limit should not exceed 45% of the net value of the company's latest financial statements audited or reviewed by an accountant

HiTi Digital Inc. and its subsidiaries

Purchase or sale of goods with related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2024

Annex 三

(In thousands of New Taiwan Dollars)

| Companies that buy and sell goods | Name of counterparty | Relationships | Transactions Details | | | | Circumstances under which the terms of the transaction differ from those of a normal transaction | | Bills receivable (paid), accounts payable | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Sale/Purchase | Amount | Percentage of total imports (sales) | Credit period | Unit Price | Credit period | Balance | Percentage of total bills and accounts receivable (paid) |
| The Company | CHC Technology Inc. | subsidiary | Purchase | $ 284,631 | 45.55% | charged according to their fund turnover | - | - | - | - |

HiTi Digital Inc. and its subsidiaries

Information on the investment transfer (excluding Mainland China investee companies)

December 31, 2024

Annex 三

(In thousands of New Taiwan Dollars)

| Name of Investment Company | Name of investee company | Location | Main Business Items | Original Investment Amount | | Held at end of period | | | (Loss) profit for the period of the investee company | (Loss/Gain) on investments recognized in the period | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the period | End of last year | Number of shares | Proportion | Carrying amount | | | |
| The company | HSU | Singapore | Digital Printers Sales | $ － | $ 9,185 | － | － | $ － | $ (102) | $ (102) | subsidiary |
| The company | HTA | United States | Digital Printers Sales | 86,311 | 86,311 | 2,600 | 100.00 | 36,464 | 11,256 | 11,256 | subsidiary |
| The company | CHC Investment | Taiwan | Manufacture of paper products made of chemical materials | 550,130 | 550,130 | 45,178 | 65.31 | 172,123 | ( 62,376) | ( 51,137) | subsidiary |
| The company | HMC | Mexico | Digital Printers Sales | 154,184 | 154,184 | － | 100.00 | 1,906 | ( 4,992) | ( 4,992) | subsidiary |
| HSU | HEU | Italy | Digital Printers Sales | 347 | － | － | 100.00 | ( 6,111) | 4,151 | 4,151 | subsidiary |

HiTi Digital Inc. and its subsidiaries

Mainland Investment Information

December 31, 2024

Annex五

1. Details of investment:

(In thousands of New Taiwan Dollars)

| Name of Mainland China investee company | Main Business Items | Paid-in capital | Investment Approach (Note 1) | Accumulated investments remitted from Taiwan at the beginning of the period | Amount of investment remitted or recovered during the period | | Accumulated investments remitted from Taiwan at the end of the period | Percentage of the Company's shareholding in direct or indirect investments | Profit or Loss for the period of the investee company | Gains or losses on investments recognized during the period (Note 2) | Carrying amount of investments at the end of the period | Investment income remitted up to the period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | remit | Take back | | | | | | |
| HiTi Digital (Suzhou) Co. | Digital Printers Sales | $ 3,279 (USD 100) | (一) | $ 3,279 (USD 1) | $ - | $ - | $ 3,279 (USD 1) | 100.00% | (675) | (675) | $ 1,739 | $ - |

| Company Name | Cumulative amount of remittances from Taiwan to Mainland China at the end of the period | Amount of investment approved by the Investment Commission of the Ministry of Economic Affairs | Investment quota in Mainland China in accordance with the Investment Commission of the Ministry of Economic Affairs |
|---|---|---|---|
| 本公司 | NT$3,279 (USD 1) | NT$39,670 (USD 1,210) | NT$451,420 |

Note: According to the regulations of the Investment Commission of the Ministry of Economic Affairs, if the net worth of a company is less than NT$5 billion, the cumulative amount or proportion of its investment in China is capped at 60% of its net worth or NT$80 million (whichever is higher).

Note 1: Investment methods are divided into the following three types, just mark the type:

(一) Direct investment in Mainland China.

(二) Reinvestment in Mainland China through a third-party regional company.

(三) Other methods.

Note 2: It adopts the profit and loss recognized in the report audited and certified by an accountant.

2. Significant transactions directly or indirectly occurred with Mainland China investment companies through a third-party regional business:

For significant transactions directly or indirectly with invested companies in Mainland China in the fiscal year 2023 of our Group, please refer to the "Information on Significant Transactions" and "Business Relationship and Important Transactions between Parent and Subsidiaries" descriptions in the consolidated financial report.

HiTi Digital Inc. and its subsidiaries

Major Shareholder Information

December 31, 2024

Annex 六

| NAME OF STOCKHOLDER | SHARES | |
|---|---|---|
| | Number of shares held | Shareholder ratio |
| **CHENDA INVESTMENT LTD** | 20,022,500 | 21.12% |
| **GUO QIAN LEASING CO., LTD** | 6,756,493 | 7.13% |
| **GUAN FENG INVESTMENT LTD** | 5,771,560 | 6.09% |
| **HSINXINCHEN INVESTMENT LTD** | 5,677,000 | 5.99% |
| **HUANG, JIEN-HUA (NOTE)** | 5,167,734 | 5.45% |

Note: The estate is currently being registered for transfer.

Schedule of significant accounting items

| Item | Index |
|---|---|
| Schedule of Assets, Liabilities and Equity | |
| Schedule of Cash and Cash Equivalents | Schedule (1) |
| Schedule of Accounts Receivable | Schedule (2) |
| Schedule of Inventories | Schedule (3) |
| Schedule of changes in investments accounted for using the equity method | Schedule (4) |
| Schedule of changes in property, plant and equipment | Note (6) 6 |
| Schedule of Changes in Accumulated Depreciation and Accumulated Impairment of Property, Plant and Equipment | Note (6) 6 |
| Schedule of Changes in Right-of-Use Assets | Note (6) 7 |
| Schedule of Changes in Accumulated Depreciation of Right-of-Use Assets | Note (6) 7 |
| Schedule of Changes in Intangible Assets | Note (6) 8 |
| Schedule of changes in accumulated amortisation and impairment of intangible assets | Note (6) 8 |
| Schedule of Deferred Income Tax Assets | Note (6) 21 |
| Schedule of short-term borrowings | Schedule (5) |
| Schedule of Accounts Payable | Schedule (六) |
| Schedule of other payables | Schedule (7) |
| Schedule of Long-term Loans | Schedule (8) |
| Schedule of Deferred Income Tax Liabilities | Note (6) 21 |
| Schedule of Profit and Loss Items | |
| Schedule of Operating Income | Note (6) 16 |
| Schedule of Operating Costs | Schedule (9) |
| Schedule of Manufacturing Costs | Schedule (1) |
| Schedule of Operating Expenses | Schedule (11) |
| Summary of employee benefits, depreciation and amortisation expenses incurred during the period by function | Note (6) 17 |

HiTi Digital Inc. and its subsidiaries

Cash and Cash Equivalents

December 31, 2024

Schedule (1) (In thousands of New Taiwan Dollars)

| Item | Comment | Amount | Remark |
|---|---|---|---|
| Cash | | | |
| Cash on hand | | $ 662 | |
| Petty Cash | | 85 | |
| Deposits in Bank | | | |
| Deposits in transit | | 203,620 | |
| Demand Deposits | | 6,303 | |
| Foreign Currency Deposits | EUR11 thousand at 34.2407<br>USD6 thousand at 32.785<br>CNY2 thousand at 4.5608<br>JPY15 thousand at 0.2099 | 778 | |
| | | $ 7,059 | |

HiTi Digital Inc. and its subsidiaries

Schedule of Cash and Cash Equivalents

December 31, 2024

Schedule (2) (In thousands of New Taiwan Dollars)

| Name of Client | Amount | Remark |
|---|---|---|
| Company A | $ 2,070 | |
| Company B | 2,009 | |
| Company C | 1,645 | |
| Company D | 1,591 | |
| Company E | 1,103 | |
| Company F | 1,102 | |
| Others | 723 | Debt balance of less than 5% |
| subtotal | 10,243 | |
| Less: Allowance for losses | ( 1,420) | |
| Net | $ 8,823 | |

HiTi Digital Inc. and its subsidiaries

Schedule of Inventory

December 31, 2024

Schedule (3) (In thousands of New Taiwan Dollars)

| Item | Amount | |
|---|---|---|
| | Cost | Net realisable value |
| Raw Materials | $ 61, 922 | $ 71, 427 |
| Semi-finished and in-process products | 78, 271 | 84, 797 |
| Merchandise and finished goods | 92, 257 | 76, 326 |
| Subtotal | 232, 450 | 232, 550 |
| Less: Allowance for loss on decline in value of inventories | ( 68, 740) | |
| Net | $ 163, 710 | |

# HiTi Digital Inc. and its subsidiaries

## Schedule of changes in investments accounted for using the equity method

## December 31, 2024

Schedule (4) (In thousands of New Taiwan Dollars)

| Investee companies | Opening balance | | Increase during the period (Note 1) | | Decrease for the period | | Gains or losses recognised using the equity method | Translation of financial statements of foreign operating entities | Others | End of term balance | | | Market value or net equity | | Provision of guarantees or pledges | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | Shares | Ratio | Amount | Unit Price | Net Shareholding | | |
| HiTi Digital (Suzhou) Co. | – | $ 2,303 | – | – | – | – | ($ 675) | $ 112 | $ – | – | 100.00 | $ 1,739 | – | $ 1,739 | None | |
| HiTi de Mexico,S.de R.L.de C.V. | – | 7,344 | – | – | – | – | ( 4,992) | (446) | – | – | 100.00 | 1,906 | – | 1,906 | None | |
| Hiti Digital Singapore PTE LT. | 300 | 18,434 | – | – | – | (18,332) | (102) | – | – | – | – | – | – | – | None | |
| HiTi Digital America, Inc. | 2,600 | 23,285 | – | – | – | – | 11,256 | 1,891 | 32 | 2,600 | 100.00 | 36,464 | – | 37,407 | None | |
| HiTi Digital Europe Srl. | – | – | – | – | – | (12,403) | 4,151 | 499 | 1,642 | – | 100.00 | (6,111) | | (6,024) | None | |
| CHC Technology Inc. | 45,178 | 218,344 | – | – | – | – | ( 51,137) | | 4,915 | 45,178 | 65.31 | 172,123 | – | 213,510 | None | |
| Total | | $ 269,710 | | $ – | – | $(30,735) | ($41,499) | $ 2,056 | $ 6,589 | | | $ 206,121 | | | | |

Note 1: This represents the purchase of shares in CHC Technology Inc for NT$200,000 thousand (the impact of the increased shareholding is NT$133,584 thousand).

Note 2: This represents unrealized profits among affiliated companies amounting to NT$7,776 thousand.

HiTi Digital Inc. and its subsidiaries

Schedule of changes in investments accounted for using the equity method

December 31, 2024

Schedule (5) (In thousands of New Taiwan Dollars)

| Type | Borrowers | End of term balance | Term | Rate | Financing Limit | Pledges or guarantees | Remark |
|---|---|---|---|---|---|---|---|
| Guaranteed Loans | Jianghai Allianz | $ 30,000 | 113.09.22~114.03.22 | 6.00% | － | Equipment | |
| Guaranteed Loans | Jianghai Allianz | 30,000 | 113.09.28~114.03.28 | 6.00% | － | Equipment | |
| Borrowing for purchases | Bank of Shanghai | 19,004 | 113.12.13~114.06.11 | 6.65% | $ 30,000 | Utilize 50% of the deposit quota | |
| 信用放款 | Bank of Taichung | 30,000 | 113.12.05~114.04.04 | 4.25% | | Allocate 10% of the deposit to the reserve fund | |
| 合　計 | | $ 109,004 | | | | | |

HiTi Digital Inc. and its subsidiaries

Schedule of Accountings Payable

December 31, 2024

Schedule (6) (In thousands of New Taiwan Dollars)

| Name of Client | Amount | Remark |
|---|---|---|
| Company A | $ 18,573 | |
| Company B | 18,763 | |
| Company C | 7,144 | |
| Others | 28,294 | Debt balance less than 5%者 |
| Total | $ 72,774 | |

HiTi Digital Inc. and its subsidiaries

Schedule of Other Payable

December 31, 2024

Schedule (6) (In thousands of New Taiwan Dollars)

| Summary | Amount | Remark |
|---|---|---|
| Salary payable | $ 17,877 | |
| Bonuses payable | 3,765 | |
| Employee benefits payable - paid leave | 2,123 | |
| Insurance premiums payable | 9,877 | |
| Pension costs payable | 839 | |
| Other | 30,054 | |
| Total | $ 64,535 | |

HiTi Digital Inc. and its subsidiaries

Schedule of Long-term Loan

December 31, 2024

Schedule (8) (In thousands of New Taiwan Dollars)

| Types of Borrowings | Bank Name | End of term balance | | Term | rate | Pledges or guarantees |
|---|---|---|---|---|---|---|
| | | End of term balance | End of term balance | | | |
| Guaranteed Loans: | Taichung Bank Leasing Corporation Limited | $ 6,199 | $ 493,301 | 113.11.29~116.11.29 | 5% | Inventory, performance bond and plant |
| | Fina Finance & Trading Co., Ltd | 8,435 | 2,161 | 112.03.30~115.03.30 | 4.05% | Inventory, performance bond and plant |
| | Risheng Taisun Leasing Co | 14,760 | 5,790 | 113.05.14~115.05.14 | 4.52 | Inventory, performance bond and plant |
| | TCB Bank | 4,126 | 2,103 | 110.06.15~115.06.15 | 2.528% | 20% of deposit |
| | TCB Bank | 2,400 | 21,800 | 111.07.15~116.07.15 | 2.528% | 20% of deposit |
| Total | | $ 35,920 | $ 525,155 | | | |

HiTi Digital Inc. and its subsidiaries

Schedule of Operating Cost

December 31, 2024

Schedule (9) (In thousands of New Taiwan Dollars)

| Summary | Amount – Sub | Amount – Total | Remark |
|---|---|---|---|
| Raw material consumption | | $ 570,338 | |
| Opening stock | $ 67,376 | | |
| Add: Current period's input | 627,815 | | |
| Less: Raw materials at the end of the period | ( 61,922) | | |
| Sale of raw materials | ( 62,174) | | |
| Other | ( 757) | | |
| Direct labour | | 45,147 | |
| Manufacturing costs | | 49,236 | |
| Cost of manufacture | | 664,721 | Schedule (10) |
| Add: Work in progress at the beginning of the period | | 76,642 | |
| Less: Work in progress at the end of the period | | ( 78,271) | |
| Sale of work in progress | | ( 20,417) | |
| Other | | ( 15,284) | |
| Cost of finished goods | | 627,391 | |
| Add: Finished goods at beginning of period | | 94,797 | |
| Purchased in the period | | 515 | |
| Other | | | |
| | | 27,436 | |
| Less: Finished goods at end of period | | ( 92,257) | |
| Other | | ( 677) | |
| Production and marketing costs | | 657,205 | |
| Other operating costs | | | |
| (Continue Next page) | | | |

Schedule (9) (In thousands of New Taiwan Dollars)

| | | | |
|---|---|---|---|
| (Continued from previous page) | | | |
| Add: Unallocated manufacturing costs | | 97,359 | |
| Sale of raw materials and work in progress | | 82,591 | |
| Other | | ( 19) | |
| Less: Gain on reversal of inventories | | ( 2,301) | |
| Total operating costs | | $ 834,835 | |

HiTi Digital Inc. and its subsidiaries

Schedule of Manufacturing Cost

December 31, 2024

Schedule (10) (In thousands of New Taiwan Dollars)

| Item | Amount | Remark |
|---|---|---|
| Indirect labour | $ 80,913 | |
| Depreciation of all items | 25,616 | |
| Processing costs | 14,657 | |
| Other expenses (less than 5% of this account) | 25,409 | Not reaching 5% |
| Less: Unallocated manufacturing costs | ( 97,359) | |
| Total | $ 49,236 | |

HiTi Digital Inc. and its subsidiaries

Schedule of Operating Expense

December 31, 2024

Schedule (11) (In thousands of New Taiwan Dollars)

| Item | Marketing Fees | Management fees | Research and development costs | Total |
|---|---|---|---|---|
| Salary | $ 12,478 | $ 29,305 | $ 19,839 | $ 61,622 |
| Pensions | 485 | 1,531 | 1,044 | 3,060 |
| Health premiums | 890 | 3,102 | 1,675 | 5,667 |
| Depreciation of all items | 1,097 | 6,768 | 766 | 8,631 |
| Amortisation of various items | 218 | 1,392 | - | 1,610 |
| Other expenses (less than 5% of this account) | 31,529 | 58,422 | 1,084 | 91,035 |
| Total | $ 46,697 | $ 100,520 | $ 24,408 | $ 171,625 |