

Data Image Corporation

**Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

Independent Auditors' Report

The Board of Directors and Shareholders
Data Image Corporation

Opinion

We have audited the accompanying financial statements of Data Image Corporation, which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Data Image Corporation as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in Data Image Corporation financial statements for the year ended December 31, 2024 is stated as follows:

Occurrence of operating revenue

Data Image Corporation is engaged in the design, manufacturing, and sales of LCD touch modules and LCD modules. The manufacturing of LCD touch modules and LCD modules are customized

products and make development according to different purposes and needs of customers. Although the operating revenue in 2024 decreased from the same period of last year, the operating revenue from specific customers increased from the same period last year, and the occurrence of the related sales transactions has a significant impact on the presentation of the financial statements; therefore, we include the occurrence of the abovementioned operating revenue from customers as a key audit matter.

Corresponding audit procedures

Our audit procedures for the key audit matters above include understanding the major internal control design and the effectiveness of implementation, and sampling and implementing relevant audits to ensure that the revenue transactions occurred.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chih-Ming Shao and Kuo-Ning Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Data Image Corporation
Balance Sheets
December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Note 6)	\$ 699,083	26	\$ 364,246	17
Financial assets at fair value through profit or loss - Current (Note 7)	-	-	4,246	-
Accounts receivable (Notes 8 and 18)	430,560	16	336,514	15
Accounts receivable from related parties (Notes 18 and 26)	17,830	1	7,277	1
Other receivables (Note 8)	6,122	-	4,296	-
Other receivables from related parties (Note 26)	107	-	-	-
Inventories (Note 9)	291,036	11	311,735	14
Other current assets (Notes 14 and 26)	6,111	-	6,370	-
Total current assets	<u>1,450,849</u>	<u>54</u>	<u>1,034,684</u>	<u>47</u>
Non-current assets				
Investments accounted for using the equity method (Note 10)	1,150,910	43	1,103,917	50
Property, plant and equipment (Notes 11 and 26)	21,722	1	23,551	1
Right-of-use assets (Notes 12 and 26)	37,186	1	13,231	1
Intangible assets	2,181	-	3,109	-
Deferred tax assets (Note 20)	9,200	-	6,983	-
Net defined benefit assets - Non-current (Note 13)	2,196	-	2,196	-
Other non-current assets (Notes 14 and 27)	14,613	1	9,962	1
Total current assets	<u>1,238,008</u>	<u>46</u>	<u>1,162,949</u>	<u>53</u>
Total assets	<u>\$ 2,688,857</u>	<u>100</u>	<u>\$ 2,197,633</u>	<u>100</u>
Liabilities and equity				
Current liabilities				
Financial liabilities at fair value through profit or loss - Current (Note 7)	\$ 1,824	-	\$ -	-
Contract liabilities - Current (Note 18)	91,085	4	79,864	4
Notes payable (Note 15)	-	-	307	-
Accounts payable (Note 15)	155,824	6	141,616	6
Accounts payable from related parties (Note 26)	315,507	12	315,742	14
Other payables (Note 16)	85,924	3	83,445	4
Other payables from related parties (Note 26)	8,536	-	10,891	1
Current tax liabilities (Note 20)	29,200	1	59,343	3
Provisions - Current	5,660	-	4,283	-
Lease liabilities - Current (Notes 12 and 26)	8,997	-	10,105	-
Other current liabilities	2,293	-	2,142	-
Total current liabilities	<u>704,850</u>	<u>26</u>	<u>707,738</u>	<u>32</u>
Non-current liabilities				
Deferred tax liabilities (Note 20)	3,312	-	2,206	-
Lease liabilities – Non-current (Notes 12 and 26)	28,944	1	4,177	-
Total non-current liabilities	<u>32,256</u>	<u>1</u>	<u>6,383</u>	<u>-</u>
Total liabilities	<u>737,106</u>	<u>27</u>	<u>714,121</u>	<u>32</u>
Equity				
Share capital	780,996	29	693,996	32
Capital surplus	480,527	18	60,000	3
Retained earnings				
Legal reserve	164,945	6	137,054	6
Special reserves	26,854	1	20,397	1
Unappropriated earnings	506,707	19	598,919	27
Total retained earnings	<u>698,506</u>	<u>26</u>	<u>756,370</u>	<u>34</u>
Other equity	(8,278)	-	(26,854)	(1)
Total equity	<u>1,951,751</u>	<u>73</u>	<u>1,483,512</u>	<u>68</u>
Total liabilities and equity	<u>\$ 2,688,857</u>	<u>100</u>	<u>\$ 2,197,633</u>	<u>100</u>

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

Data Image Corporation
Statements of Comprehensive Income
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

	2024		2023	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenue (Notes 18 and 26)	\$ 2,543,460	100	\$ 3,004,078	100
Operating costs (Notes 9, 19 and 26)	<u>2,049,109</u>	<u>81</u>	<u>2,485,140</u>	<u>83</u>
Gross profit	494,351	19	518,938	17
Realized gain on transactions	<u>1,041</u>	<u>-</u>	<u>303</u>	<u>-</u>
Realized gross profit	<u>495,392</u>	<u>19</u>	<u>519,241</u>	<u>17</u>
Operating expenses (Notes 19 and 26)				
Selling expenses	61,873	3	66,788	2
General and administrative expenses	108,583	4	111,407	4
Research and development expenses	109,780	4	99,126	3
Expected credit loss(gain)	<u>473</u>	<u>-</u>	<u>(613)</u>	<u>-</u>
Total operating expenses	<u>280,709</u>	<u>11</u>	<u>276,708</u>	<u>9</u>
Operating income	<u>214,683</u>	<u>8</u>	<u>242,533</u>	<u>8</u>
Non-operating income and expenses (Notes 19 and 26)				
Interest income	7,012	-	3,930	-
Other gains and losses	(5,644)	-	852	-
Finance cost	(350)	-	(2,014)	-
Share of profit or loss of subsidiaries and associates	<u>44,475</u>	<u>2</u>	<u>83,840</u>	<u>3</u>
Total non-operating income and expenses	<u>45,493</u>	<u>2</u>	<u>86,608</u>	<u>3</u>
Income before income tax	260,176	10	329,141	11
Income tax expenses (Note 20)	<u>36,982</u>	<u>1</u>	<u>50,278</u>	<u>2</u>
Net income	<u>223,194</u>	<u>9</u>	<u>278,863</u>	<u>9</u>

(Continued)

Data Image Corporation
Statements of Comprehensive Income
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Other comprehensive income (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	\$ 316	-	\$ 612	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>18,414</u>	<u>1</u>	<u>(7,022)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>18,730</u>	<u>1</u>	<u>(6,410)</u>	<u>-</u>
Total comprehensive income	<u>\$ 241,924</u>	<u>10</u>	<u>\$ 272,453</u>	<u>9</u>
Earnings per share (Note 21)				
Basic earnings per share	<u>\$ 2.93</u>		<u>\$ 4.02</u>	
Diluted earnings per share	<u>\$ 2.91</u>		<u>\$ 3.99</u>	

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

Data Image Corporation
Statement of Changes in Equity
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 17)	Capital Surplus (Note 17)	Retained Earnings (Note 17)			Other Equity (Note 17)		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	
Balance at January 1, 2023	\$ 693,996	\$ 60,000	\$ 94,830	\$ 26,299	\$ 703,329	\$ (19,976)	\$ (421)	\$ 1,558,057
Appropriation of 2022 earnings								
Legal reserve	-	-	42,224	-	(42,224)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(346,998)	-	-	(346,998)
	-	-	42,224	-	(389,222)	-	-	(346,998)
Reversal of special reserve	-	-	-	(5,902)	5,902	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	278,863	-	-	278,863
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	47	(7,022)	565	(6,410)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	278,910	(7,022)	565	272,453
Balance at December 31, 2023	693,996	60,000	137,054	20,397	598,919	(26,998)	144	1,483,512
Appropriation of 2023 earnings								
Legal reserve	-	-	27,891	-	(27,891)	-	-	-
Special reserve	-	-	-	6,457	(6,457)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(277,598)	-	-	(277,598)
	-	-	27,891	6,457	(311,946)	-	-	(277,598)
Net income for the year ended December 31, 2024	-	-	-	-	223,194	-	-	223,194
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	-	167	18,414	149	18,730
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	223,361	18,414	149	241,924
Gain from exercise of disgorgement	-	6	-	-	-	-	-	6
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(3,627)	33	(20)	(3,614)
Issuance of ordinary shares for cash	87,000	419,160	-	-	-	-	-	506,160
Share-based payments	-	1,361	-	-	-	-	-	1,361
Balance at December 31, 2024	\$ 780,996	\$ 480,527	\$ 164,945	\$ 26,854	\$ 506,707	\$ (8,551)	\$ 273	\$ 1,951,751

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

Data Image Corporation
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities		
Income before income tax	\$ 260,176	\$ 329,141
Adjustments for:		
Depreciation expenses	20,530	21,619
Amortization expenses	1,328	1,992
Expected credit loss recognized (reversed)	473	(613)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	20,070	16,234
Finance cost	350	2,014
Interest income	(7,012)	(3,930)
Share-based payments	1,361	-
Share of profit or loss of subsidiaries and associates	(44,475)	(83,840)
Loss on disposal of property, plant and equipment	-	(211)
Write-down of inventories	10,833	1,291
Realized gain on transactions with associates	(1,041)	(303)
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	4,196	24,940
Accounts receivable	(94,519)	122,667
Accounts receivable from related parties	(10,553)	100,459
Other receivables	(1,786)	761
Inventories	9,866	129,260
Prepayments	212	1,728
Other current assets	47	1,346
Financial liabilities held for trading	(18,196)	(46,792)
Contract liabilities - Current	11,221	(1,244)
Notes payable	(307)	93
Accounts payable	14,208	(106,560)
Accounts payable from related parties	(235)	54,083
Other payables	2,155	(21,259)
Other payables from related parties	(4,197)	(307)
Provisions	1,377	(1,904)
Other current liabilities	<u>151</u>	<u>145</u>
Cash generated from operations	176,233	540,810
Interest received	6,972	3,927
Interest paid	(350)	(2,094)
Income tax paid	<u>(67,602)</u>	<u>(79,124)</u>
Net cash generated from operating activities	<u>115,253</u>	<u>463,519</u>

(Continued)

Data Image Corporation
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from investing activities		
Acquisition of further interests in subsidiaries	\$ (13,060)	\$ -
Payments for property, plant and equipment and prepayment for equipment	(10,002)	(6,709)
Proceeds from disposal of property, plant and equipment	-	495
Increase in refundable deposits	(17)	(22)
Payments for intangible assets	(400)	(700)
Increase in other non-current assets	(265)	-
Dividends received	<u>26,592</u>	<u>20,856</u>
Net cash generated from investing activities	<u>2,848</u>	<u>13,920</u>
Cash flows from financing activities		
Repayment of long-term borrowings	-	(220,000)
Repayment of the principal portion of lease liabilities	(11,198)	(10,709)
Dividends paid	(277,598)	(346,998)
Proceeds from issuance of ordinary shares	505,526	-
Gain from exercise of disgorgement	<u>6</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>216,736</u>	<u>(577,707)</u>
Net increase (decrease) in cash and cash equivalents	334,837	(100,268)
Cash and cash equivalents at the beginning of the year	<u>364,246</u>	<u>464,514</u>
Cash and cash equivalents at the end of the year	<u>\$ 699,083</u>	<u>\$ 364,246</u>

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

Data Image Corporation
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General information

Data Image Corporation (the "Company") was approved by the Ministry of Economic Affairs on November 22, 1997 for establishment. Its scope of business is the design, manufacturing, and sales of LCD touch modules and LCD modules.

The Company's shares have been listed on the Taiwan Stock Exchange (TSE) since March 26, 2024.

The financial statements are presented in the New Taiwan Dollar, which is the Company's functional currency.

2. Date and procedure for approving the financial statements

These financial statements were approved by the Board on March 4, 2025.

3. Application of new and amended standards and interpretations

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not result in material changes in the Company's accounting policies and did not have a material impact on the financial position and financial performance of the Company.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

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

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the financial statements were authorized for issue, the Company has assessed that the amendments to the above standards and interpretations have not had a material impact on the financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- 1) Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- 2) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- 3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as “other” only if it cannot find a more informative label.
- 4) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of material accounting policy information

a. Statement of compliance

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

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held mainly for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currency

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investment in subsidiaries

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

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Profit or loss resulting from downstream transactions is eliminated in full only in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investment in associates

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

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25: Financial Instruments.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, other receivables and

refundable deposits, 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.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when 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 Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except for the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

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) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange swap contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

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

1) Sale of goods

The Company recognizes revenue when control of the goods is transferred to the customer. When the goods are delivered to the customer's specific location, 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 receivable are recognized concurrently. The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Provision of services

Service revenue is the provision of product processing services; that is, it is recognized when the processed products are delivered to the customer's specific location

n. Leases

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

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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 future lease payments resulting from a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

The fair value at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

r. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss.

5. Material accounting judgments and key sources of estimation uncertainty

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

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and petty cash	\$ 1	\$ 1
Checking accounts and demand deposits	503,682	321,045
Cash equivalents		
Time deposits	<u>195,400</u>	<u>43,200</u>
	<u>\$ 699,083</u>	<u>\$ 364,246</u>

7. Financial instruments at fair value through profit or loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - Current</u>		
Financial assets mandatorily measured as at FVTPL		
Derivative instruments (not under hedge accounting)		
Foreign exchange swap contract (a)	<u>\$ -</u>	<u>\$ 4,246</u>
<u>Financial liabilities - Current</u>		
Held for trading		
Derivatives instruments (not under hedge accounting)		
Foreign exchange swap contract (a)	<u>\$ 1,824</u>	<u>\$ -</u>

- a. At the end of the year, outstanding foreign exchange swap contracts not under hedge accounting were as follows:

December 31, 2024

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
Sell	USD/NTD	2025.01.02~2025.01.24	USD6,000/NTD194,661

December 31, 2023

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
Sell	USD/NTD	2024.01.05~2024.01.25	USD7,250/NTD226,580

The Company entered into foreign exchange swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. Accounts receivable and other receivables

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 432,724	\$ 338,205
Less: Loss allowance	<u>(2,164)</u>	<u>(1,691)</u>
	<u>\$ 430,560</u>	<u>\$ 336,514</u>
<u>Other receivables</u>		
Business tax refunds receivable	\$ 5,934	\$ 4,100
Others	<u>188</u>	<u>196</u>
	<u>\$ 6,122</u>	<u>\$ 4,296</u>

The average credit period of sales of goods is 30 to 90 days from upon shipment or the end of the month. No interest is charged on accounts receivable. In determining the recoverability of accounts receivable, the Company considers any changes in the credit quality of accounts receivable from the original credit granting date to the balance sheet date. For new trading customers, the Company uses publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by counterparty limits that are reviewed and approved.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a account receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2024

	<u>Not Past Due</u>	<u>Overdue 1 to 90</u> <u>Days</u>	<u>Total</u>
Expected credit loss rate	0.5%	0.5%	
Gross carrying amount	\$ 344,798	\$ 87,926	\$ 432,724
Loss allowance (Lifetime ECLs)	<u>(1,724)</u>	<u>(440)</u>	<u>(2,164)</u>
Amortized cost	<u>\$ 343,074</u>	<u>\$ 87,486</u>	<u>\$ 430,560</u>

December 31, 2023

	<u>Not Past Due</u>	<u>Overdue 1 to 90 Days</u>	<u>Total</u>
Expected credit loss rate	0.5%	0.5%	
Gross carrying amount	\$ 292,224	\$ 45,981	\$ 338,205
Loss allowance (Lifetime ECLs)	<u>(1,461)</u>	<u>(230)</u>	<u>(1,691)</u>
Amortized cost	<u>\$ 290,763</u>	<u>\$ 45,751</u>	<u>\$ 336,514</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 1,691	\$ 2,304
Add: Impairment loss recognized	473	-
Less: Impairment loss reversed	<u>-</u>	<u>(613)</u>
Balance at December 31	<u>\$ 2,164</u>	<u>\$ 1,691</u>

9. Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Raw materials	\$ 204,681	\$ 179,772
Work in process	50,462	62,867
Finished goods	14,927	28,553
Merchandise	<u>20,966</u>	<u>40,543</u>
	<u>\$ 291,036</u>	<u>\$ 311,735</u>

The nature of the cost of goods sold is as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 2,033,821	\$ 2,481,093
Inventory write-downs	10,833	1,291
Inventory scrapping losses	<u>4,455</u>	<u>2,756</u>
	<u>\$ 2,049,109</u>	<u>\$ 2,485,140</u>

10. Investment accounted for using the equity method

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investment in subsidiaries	\$ 1,141,567	\$ 1,095,043
Investment in associates	<u>9,343</u>	<u>8,874</u>
	<u>\$ 1,150,910</u>	<u>\$ 1,103,917</u>

a. Investment in subsidiaries

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Listed Corporation		
DIVA Laboratories, Ltd.	\$ 633,622	\$ 622,870
Unlisted Corporation		
Data Image (MAURITIUS) Corporation	<u>507,945</u>	<u>472,173</u>
	<u>\$ 1,141,567</u>	<u>\$ 1,095,043</u>

<u>Name of Subsidiary</u>	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
DIVA Laboratories, Ltd.	36.26%	35.55%
Data Image (MAURITIUS) Corporation	100.00%	100.00%

The Company originally held 35.55% of the equity in DIVA Laboratories, Ltd. and it acquired an additional 0.71% of the equity on June 14, 2024, increasing shareholding ratio from 35.55% to 36.26% (Note 23). As of December 31, 2024 and 2023, the equity interest held in DIVA Laboratories, Ltd. is 36.26%, and 35.55%, respectively, and controls more than half of the directors of DIVA Laboratories, Ltd.. It is considered that the Company has the substantial ability to lead its relevant activities; therefore, it is included as a subsidiary.

b. Investment in associates

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
DMC Components International, LLC	<u>\$ 9,343</u>	<u>\$ 8,874</u>

<u>Name of Associate</u>	<u>Nature of Activities</u>	<u>Principal Place of Business</u>	<u>Proportion of Ownership and Voting Rights</u>	
			<u>December 31, 2024</u>	<u>December 31, 2023</u>
DMC Components International, LLC	Sales agency	Orlando, USA	30%	30%

11. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other Equipment</u>	<u>Total</u>
<u>Cost</u>					
Balance at January 1, 2024	\$ 2,100	\$ 1,358	\$ 15,720	\$ 39,217	\$ 58,395
Additions	-	-	2,516	5,283	7,799
Disposals/derecognitions	-	-	(150)	(13,562)	(13,712)
Balance at December 31, 2024	<u>\$ 2,100</u>	<u>\$ 1,358</u>	<u>\$ 18,086</u>	<u>\$ 30,938</u>	<u>\$ 52,482</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2024	\$ -	\$ 1,057	\$ 6,475	\$ 27,312	\$ 34,844
Depreciation expenses	-	47	2,486	7,095	9,628
Disposals/derecognitions	-	-	(150)	(13,562)	(13,712)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ 8,811</u>	<u>\$ 20,845</u>	<u>\$ 30,760</u>
Carrying amount at December 31, 2024	<u>\$ 2,100</u>	<u>\$ 254</u>	<u>\$ 9,275</u>	<u>\$ 10,093</u>	<u>\$ 21,722</u>

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other Equipment</u>	<u>Total</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 2,100	\$ 1,358	\$ 15,372	\$ 41,560	\$ 60,390
Additions	-	-	348	4,148	4,496
Disposals/derecognitions	-	-	-	(6,491)	(6,491)
Balance at December 31, 2023	<u>\$ 2,100</u>	<u>\$ 1,358</u>	<u>\$ 15,720</u>	<u>\$ 39,217</u>	<u>\$ 58,395</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 1,010	\$ 4,255	\$ 24,562	\$ 29,827
Depreciation expenses	-	47	2,220	8,957	11,224
Disposals/derecognitions	-	-	-	(6,207)	(6,207)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 6,475</u>	<u>\$ 27,312</u>	<u>\$ 34,844</u>
Carrying amount at December 31, 2023	<u>\$ 2,100</u>	<u>\$ 301</u>	<u>\$ 9,245</u>	<u>\$ 11,905</u>	<u>\$ 23,551</u>

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	30 years
Machinery	3-6 years
Other equipment	3-5 years

14. Lease arrangements

a. Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amounts		
Buildings	\$ 33,665	\$ 7,210
Transportation equipment	<u>3,521</u>	<u>6,021</u>
	<u>\$ 37,186</u>	<u>\$ 13,231</u>
	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets	<u>\$ 34,857</u>	<u>\$ 2,898</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 8,402	\$ 8,330
Transportation equipment	<u>2,500</u>	<u>2,065</u>
	<u>\$ 10,902</u>	<u>\$ 10,395</u>

Except for the aforementioned addition and recognized depreciation, there was no material sublease agreement or impairment on the Company's right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Carrying amounts		
Current	\$ 8,997	\$ 10,105
Non-current	\$ 28,944	\$ 4,177

The range of discount rates for lease liabilities was as follows:

	<u>2024</u>	<u>2023</u>
Buildings	1.35%~2.50%	1.35%~1.45%
Transportation equipment	1.30%~2.15%	1.30%~2.15%

c. Other lease information

	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases	\$ 1,111	\$ 702
Expenses relating to low-value asset leases	\$ 1,095	\$ 963
Total cash outflow for leases	\$ (13,693)	\$ (12,633)

The Company's leases of certain qualify as short-term leases and leases of certain qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. Retirement benefit plans

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ -	\$ -
Fair value of plan assets	<u>2,196</u>	<u>2,196</u>
Net defined benefit assets	<u>\$ 2,196</u>	<u>\$ 2,196</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net defined benefit Assets
2024	<u>\$ -</u>	<u>\$ 2,196</u>	<u>\$ 2,196</u>
2023	<u>\$ -</u>	<u>\$ 2,196</u>	<u>\$ 2,196</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

14. Other assets

	December 31, 2024	December 31, 2023
<u>Current</u>		
Prepayments	\$ 5,944	\$ 6,156
Others	<u>167</u>	<u>214</u>
	<u>\$ 6,111</u>	<u>\$ 6,370</u>
<u>Non-current</u>		
Prepayment for equipment	\$ 4,603	\$ 234
Refundable deposits	4,520	4,503
Others	<u>5,490</u>	<u>5,225</u>
	<u>\$ 14,613</u>	<u>\$ 9,962</u>

Other non-current assets pledged as collateral for bank borrowings are set out in Note 27.

15. Notes payable and accounts payable

	December 31, 2024	December 31, 2023
<u>Notes payable</u>		
Operating	\$ -	\$ 307
<u>Accounts payable</u>		
Operating	\$ 155,824	\$ 141,616

16. Other payables

	December 31, 2024	December 31, 2023
Payables for salaries or bonuses	\$ 34,210	\$ 28,497
Remunerations of employee	22,810	28,856
Payables for annual leave	7,578	6,094
Payables for professional service fees	4,426	3,705
Remunerations of directors	2,138	2,705
Others	14,762	13,588
	<u>\$ 85,924</u>	<u>\$ 83,445</u>

17. Equity

a. Share capital

Ordinary shares

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	200,000	200,000
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	78,100	69,400
Issued capital	<u>\$ 780,996</u>	<u>\$ 693,996</u>

The share issued had a par value of \$10 and the right of voting and receiving dividends.

To facilitate the initial public offering (IPO) of the company's shares, the board of directors resolved on December 27, 2023, to issue 8,700 thousand new shares through a cash capital increase, with a par value of \$10 per share. This cash capital increase plan was approved by the Taiwan Stock Exchange Corporation on January 9, 2024, and became effective on that date. The capital increase base date is set for March 22, 2024, and the change of registration was completed on April 8, 2024.

The issuance of the 8,700 thousand new shares through this cash capital increase includes 1,566 thousand shares for public offering, 870 thousand shares for employee subscription, and 6,264 thousand shares for competitive auction. Both the public offering and the employee subscription

are issued at a premium of \$50 per share. The competitive auction shares are issued at a weighted average premium price of \$61.76 per share. The total amount received, after deducting underwriting-related fees, was \$505,526 thousand on March 22, 2024.

Within the authorized capital, 5,400 thousand shares are reserved for the issuance of employee stock warrants.

b. Capital surplus

	December 31, 2024	December 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> (Note)		
Issuance of ordinary shares	\$ 480,521	\$ 60,000
<u>May only be used to offset a deficit</u>		
Exercise of disgorgement	\$ 6	\$ -

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting

Under the dividends policy as set forth in the Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, until the accumulated legal capital reserve equals the Company's paid-in share capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19(6).

The Company's dividend policy complies with the current and future development plans, taking investment environments, capital requirements, and domestic or foreign competition status into account, and considers shareholders' interest and other factors. The Company made a profit in a fiscal year, and until the distributable earnings equal the Company's paid-in share capital 2%, dividends may be distributed in the form of both cash dividends and share dividends. However, cash dividends are limited to 10% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has

no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 27,891	\$ 42,224
Special reserve (Reversal of)	\$ 6,457	\$ (5,902)
Cash dividends	\$ 277,598	\$ 346,998
Cash dividends per share (NT\$)	\$ 3.55	\$ 5.00

The above appropriations for cash dividends were resolved by the Company's board of directors on March 1, 2024 and March 3, 2023, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on May 28, 2024 and June 15, 2023, respectively.

The company conducted an initial public offering of cash capital increase on March 22, 2024, resulting in an increase in the number of outstanding shares from 69,400 thousand shares to 78,100 thousand shares. Consequently, the cash dividend per share for the 2023 earnings distribution was adjusted to NT\$3.55.

The appropriation of earnings for 2024, which were proposed by the Company's board of directors on March 4, 2025, were as follows:

	<u>2024</u>
Legal reserve	\$ 21,973
Special reserve	\$ (18,576)
Cash dividends	\$ 234,299
Cash dividends per share (NT\$)	\$ 3.00

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 23, 2025.

d. Special reserve

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 20,397	\$ 26,299
Appropriations in respect of		
Debits to other equity items	6,457	-
Reversal:		
Reversal of the debits to other equity items	-	(5,902)
Balance at December 31	<u>\$ 26,854</u>	<u>\$ 20,397</u>

When distributing earnings, additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated at the end of the reporting period. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ (26,998)	\$ (19,976)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	<u>18,414</u>	<u>(7,022)</u>
Other comprehensive income recognized for the year	18,414	(7,022)
Acquisition of further interests in subsidiaries	<u>33</u>	<u>-</u>
Balance at December 31	<u>\$ (8,551)</u>	<u>\$ (26,998)</u>

2) Unrealized valuation gain(loss) on financial assets at FVTOCI

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 144	\$ (421)
Recognized for the year		
Share from subsidiaries accounted for using the equity method	<u>149</u>	<u>565</u>
Other comprehensive income recognized for the year	149	565
Acquisition of further interests in subsidiaries	<u>(20)</u>	<u>-</u>
Balance at December 31	<u>\$ 273</u>	<u>\$ 144</u>

18. Revenue

a. Breakdown of revenue from contracts with customers

	<u>2024</u>	<u>2023</u>
LCD touch module	\$ 2,086,437	\$ 2,475,700
LCD module	429,058	487,391
Others	<u>27,965</u>	<u>40,987</u>
	<u>\$ 2,543,460</u>	<u>\$ 3,004,078</u>

b. Contract balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable	\$ 430,560	\$ 336,514	\$ 458,568
Accounts receivable from related parties	<u>\$ 17,830</u>	<u>\$ 7,277</u>	<u>\$ 107,736</u>
Contract liabilities - Current	<u>\$ 91,085</u>	<u>\$ 79,864</u>	<u>\$ 81,108</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the performance obligations satisfied with the contract liability balance at the beginning of the year was summarized as follows:

	<u>2024</u>	<u>2023</u>
From contract liabilities at the start of the year	\$ 10,526	\$ 41,415
19. Net income		
a. Interest income		
	<u>2024</u>	<u>2023</u>
Bank deposits	\$ 7,012	\$ 3,930
b. Other gains and losses		
	<u>2024</u>	<u>2023</u>
Valuation gain (loss) on financial assets and liabilities		
Financial assets mandatorily measured at FVTPL	\$ (50)	\$ 29,073
Financial liabilities held for trading	(20,020)	(45,307)
Net foreign exchange gains	13,566	5,873
Gain on disposal of property, plant and equipment	-	211
Other gains	860	11,002
	<u>\$ (5,644)</u>	<u>\$ 852</u>
c. Finance cost		
	<u>2024</u>	<u>2023</u>
Interest on bank loans	\$ 61	\$ 1,755
Interest on lease liabilities	289	259
	<u>\$ 350</u>	<u>\$ 2,014</u>
d. Depreciation and amortization		
	<u>2024</u>	<u>2023</u>
Property, plant and equipment	\$ 9,628	\$ 11,224
Right-of-use assets	10,902	10,395
Intangible assets	1,328	1,992
	<u>\$ 21,858</u>	<u>\$ 23,611</u>
An analysis of depreciation by function		
Operating costs	\$ 4,807	\$ 5,005
Operating expenses	15,723	16,614
	<u>\$ 20,530</u>	<u>\$ 21,619</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 1,328</u>	<u>\$ 1,992</u>

e. Employee benefits expense

	<u>2024</u>	<u>2023</u>
Short-term benefits	\$ 194,403	\$ 191,782
Post-employment benefits		
Defined contribution plan	6,537	5,989
Share-based payment		
Equity-settled (Note 22)	1,361	-
Other employee benefits	<u>19,115</u>	<u>18,419</u>
	<u>\$ 221,416</u>	<u>\$ 216,190</u>
An analysis of employee benefits expense by function		
Operating cost	\$ 45,545	\$ 49,450
Operating expenses	<u>175,871</u>	<u>166,740</u>
	<u>\$ 221,416</u>	<u>\$ 216,190</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation, where the Company made a profit in a fiscal year, the Company accrues compensation of employees at rates of no less than 5% and no higher than 20% and accrues remuneration of directors at rates of no higher than 1%. The compensation of employees and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 4, 2025 and March 1, 2024, respectively, are as follows:

Accrual rate

	<u>2024</u>	<u>2023</u>
Compensation of employees	8.00%	8.00%
Remuneration of directors	0.75%	0.75%

Amount

	<u>2024</u>	<u>2023</u>
Compensation of employees	\$ 22,810	\$ 28,856
Remuneration of directors	2,138	2,705

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. Income tax

a. Major components of income tax expenses recognized in profit or loss

	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	\$ 44,875	\$ 49,210
Income tax on unappropriated earnings	-	1,946
Adjustments for prior year	<u>(6,782)</u>	<u>(348)</u>
	<u>38,093</u>	<u>50,808</u>
Deferred tax		
In respect of the current year	(1,110)	(548)
Adjustments for prior year	<u>(1)</u>	<u>18</u>
	<u>(1,111)</u>	<u>(530)</u>
Income tax expenses recognized in profit or loss	<u>\$ 36,982</u>	<u>\$ 50,278</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<u>2024</u>	<u>2023</u>
Income before tax	<u>\$ 260,176</u>	<u>\$ 329,141</u>
Income tax expense calculated at the statutory rate	\$ 52,035	\$ 65,828
Nondeductible expenses in determining taxable income	1	17
Tax-exempted income	(5,409)	(5,055)
Income tax on unappropriated earnings	-	1,946
Unrecognized deductible temporary differences	(2,863)	(12,583)
Adjustments for prior years' tax	(6,782)	(348)
Adjustments for prior years' deferred tax	(1)	18
Foreign income tax	-	455
Other	<u>1</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 36,982</u>	<u>\$ 50,278</u>

b. Income tax recognized directly in equity

	<u>2024</u>	<u>2023</u>
Current tax		
Transaction costs attributed to the issuance of shares	<u>\$ 634</u>	<u>\$ -</u>

c. Current tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current tax liabilities		
Income taxes payable	<u>\$ 29,200</u>	<u>\$ 59,343</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

2024

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Inventory write-downs	\$ 3,340	\$ 2,167	\$ 5,507
Payables for annual leave	1,219	296	1,515
Unrealized foreign exchange losses	679	(679)	-
Others	<u>1,745</u>	<u>433</u>	<u>2,178</u>
	<u>\$ 6,983</u>	<u>\$ 2,217</u>	<u>\$ 9,200</u>
Deferred Tax Liabilities			
Temporary differences			
Investment accounted for using the equity method	\$ 2,151	\$ (227)	\$ 1,924
Unrealized foreign exchange gains	-	1,280	1,280
Others	<u>55</u>	<u>53</u>	<u>108</u>
	<u>\$ 2,206</u>	<u>\$ 1,106</u>	<u>\$ 3,312</u>

2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Inventory write-downs	\$ 3,082	\$ 258	\$ 3,340
Payables for annual leave	1,256	(37)	1,219
Unrealized foreign exchange losses	-	679	679
Others	<u>2,188</u>	<u>(443)</u>	<u>1,745</u>
	<u>\$ 6,526</u>	<u>\$ 457</u>	<u>\$ 6,983</u>
Deferred Tax Liabilities			
Temporary differences			
Investment accounted for using the equity method	\$ 1,989	\$ 162	\$ 2,151
Unrealized foreign exchange gains	235	(235)	-
Others	<u>55</u>	<u>-</u>	<u>55</u>
	<u>\$ 2,279</u>	<u>\$ (73)</u>	<u>\$ 2,206</u>

e. Deductible temporary difference for which no deferred tax assets have been recognized in the balance sheets

	December 31, 2024	December 31, 2023
Deductible temporary differences		
Investment accounted for using the equity method	<u>\$ 37,925</u>	<u>\$ 56,488</u>

f. Income tax assessments

The income tax for the Company returns through 2022, have been assessed by the tax authorities.

21. Earnings per share

Unit: NT\$ per share

	<u>2024</u>	<u>2023</u>
Basic earnings per share	\$ 2.93	\$ 4.02
Diluted earnings per share	\$ 2.91	\$ 3.99

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Income

	<u>2024</u>	<u>2023</u>
Earnings used in the computation of basic and diluted earnings per share	\$ 223,194	\$ 278,863

Weighted average number of ordinary shares outstanding

	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	76,174	69,400
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>566</u>	<u>552</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>76,740</u>	<u>69,952</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. Share-based payment arrangements

Employee Stock Option Plan for Issuance of Ordinary Shares for Cash

On December 27, 2023, the Company's board of directors resolved to issue 8,700 thousand ordinary shares which increased the share capital issued, reserving 870 thousand shares for employee subscription in accordance with the Company Act. If employees do not fully subscribe or waive their subscription rights, the chairman is authorized to allocate the unsubscribed shares to designated investors. The recognized compensation cost for the Year Ended December 31, 2024, is \$1,361 thousand.

Options of ordinary shares issued for Cash granted in March 2024 were priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	<u>March, 2024</u>
Share price on the grant date	\$ 52.22
Exercise price	\$ 50
Expected volatility	12.7%
Expected life	0.008 years
Expected dividends rate	0.0%
Risk-free interest rate	1.1%

23. Partial Acquisition of subsidiaries - Without loss of control

On June 14, 2024, the Company acquired 0.71% of its interest in DIVA Laboratories, Ltd., increasing its continuing interest from 35.55% to 36.26%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over this subsidiary.

	<u>DIVA Laboratories, Ltd.</u>
Consideration paid	\$ (13,060)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	9,446
Reattribution of other equity from non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	(33)
Unrealized gain on financial assets at FVTOCI	<u>20</u>
Differences recognized from equity transactions	<u>\$ (3,627)</u>
	<u>DIVA Laboratories, Ltd.</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (3,627)</u>

24. Capital management

The Company manages its capital to ensure the Company will be able to continue as going concerns with a capital structure that is most suitable for the Company's current operation and development and make good use of various equity and debt instruments to provide the Company with capital required for operating plans, while maximizing the return to stakeholders.

The capital structure of the Company consists of net debt and equity.

The Company is not subject to any externally imposed capital requirements.

25. Financial instruments

a. Fair value of financial instruments not measured at fair value

For financial instruments not measured at fair value, that maturities are near or that future receipt or payment amounts approximate their carrying amounts, their fair values are estimated based on their carrying amounts as of the balance sheet date.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	\$ -	\$ 1,824	\$ -	\$ 1,824

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivatives	\$ -	\$ 4,246	\$ -	\$ 4,246

There were no transfers between Levels 1 and 2 in the current and prior years

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - foreign exchange swap contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily measured as at FVTPL	\$ -	\$ 4,246
Financial assets at amortized cost		
Cash and cash equivalents	699,083	364,246
Accounts receivable	430,560	336,514
Accounts receivable from related parties	17,830	7,277
Other receivables	188	196
Other receivables from related parties	107	-
Refundable deposits	4,520	4,503

(Continued)

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<u>Financial liabilities</u>		
FVTPL		
Held for trading	1,824	-
Amortized cost		
Notes payable	-	307
Accounts payable	155,824	141,616
Accounts payable from related parties	315,507	315,742
Other payables	19,188	17,293
Other payables from related parties	8,536	10,891

d. Financial risk management objectives and policies

The financial risks related to the operating activities of the Company are market risk, credit risk and liquidity risk. Except for market risk, which is affected by external factors and is unpredictable, the remaining two risks can be generally controlled or eliminated through internal control or operating procedures. Therefore, in response to changes in market risks, the Company uses appropriate financial instrument operations to reduce the adverse effects that market risks may have on the Company's financial position and financial performance.

1) Market risk

The Company's activities exposed it primarily to the market risks include foreign currency exchange rates and interest rates.

a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 28.

Sensitivity analysis

The Company is mainly exposed to the U.S. dollars.

The following table details the Company's sensitivity to a 1% increase and decrease in in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase/a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	Impact of U.S. dollars	
	2024	2023
Profit and loss	\$ 530	\$ 407

b) Interest rate risk

The Company's risk of changes in interest rates mainly comes from short-term borrowings and long-term borrowings with fixed and floating interest rates. Changes in market interest rates will change the effective interest rate of borrowings, resulting in the risk of changes in the future fair value and cash flow.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial assets	\$ 196,436	\$ 44,220
Financial liabilities	37,941	14,282
Cash flow interest rate risk		
Financial assets	502,747	319,731

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 1% basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by \$5,027 thousand and \$3,197 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company reviews the recoverable amounts of amounts receivable on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible amounts receivable. Accordingly, the Company's management considers that the Company's credit risk has been significantly reduced.

3) Liquidity risk

The Company maintains sufficient cash and cash equivalents to meet the cash requirements for operating activities through accounts and financing management and reduces the impact of cash flow fluctuations. The Company's Finance Department monitors the use of bank financing limits at all times and ensures compliance with the terms of borrowing contracts.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

The current portion of non-interest-bearing financial liabilities is due within one year. These liabilities are not subject to any contractual obligations requiring immediate settlement. The non-current financial liabilities primarily comprise guarantee deposits received from customers, which serve as credit collateral. These deposits do not have specified maturity dates.

December 31, 2024

	<u>Within 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 9,816	\$ 30,340

December 31, 2023

	<u>Within 1 Year</u>	<u>1-5 Years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 10,251	\$ 4,276

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

e. Offsetting financial assets and financial liabilities

The Company is eligible to present certain non-derivative assets and non-derivative liabilities with a subsidiary on a net basis on the balance sheets since the offsetting criteria are met.

The table below presents the quantitative information on financial assets and financial liabilities that have been offset in the balance sheets or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2024

Financial liability	Gross Amount of Recognized Financial Assets	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Liabilities Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instrument	Cash Collateral Received	
Accounts payable	\$ 96,314	\$ 404,156	\$ (307,842)	\$ -	\$ -	\$ (307,842)

December 31, 2023

Financial liability	Gross Amount of Recognized Financial Assets	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Liabilities Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheets		Net Amount
				Financial Instrument	Cash Collateral Received	
Accounts payable	\$ 31,005	\$ 325,005	\$ (294,000)	\$ -	\$ -	\$ (294,000)

26. Related party transactions

The Company's parent is Qisda Corporation, which held 31.11% and 28.82% of the ordinary shares of the Company at December 31, 2024 and 2023, respectively. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related parties and their relationship with the Company

<u>Related Party</u>	<u>Relationship with the Company</u>
Qisda Corporation	Parent company
AUO Corporation	A corporate Director who values the parent company by using the equity method
Darwin Precisions Corporation	A subsidiary of AUO Corporation
AUO Display Plus Corporation	A subsidiary of AUO Corporation
Data Image (Suzhou) Corporation	Subsidiary
DIVA Laboratories, Ltd.	Subsidiary
DFI Inc.	Sister company
BenQ AB DentCare Corporation	Sister company
BenQ Asia Pacific Corp.	Sister company
BenQ Healthcare Corporation	Sister company
BenQ Materials Corp.	Sister company
Qisda (Suzhou) Co., Ltd.	Sister company
Qisda Optronics (Suzhou) Co., Ltd.	Sister company
Global Intelligence Network Co., Ltd.	Sister company
Metaage Corporation	Sister company
Concord Medical Co., Ltd	Sister company
Simula Technology Inc.	Sister company
Metaguru Corporation	Sister company

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
Action Star Technology Co., Ltd.	Sister company
Ace Pillar Co., Ltd.	Sister company
BenQ Foundation	Substantial related party
Aplex Technology Inc.	Associate
DMC Components International, LLC	Associate

b. Operating revenue

<u>Item</u>	<u>Related Party Category</u>	<u>2024</u>	<u>2023</u>
Sales	Parent company	\$ 336	\$ 108
	Subsidiary	19,389	21,823
	Sister company	12,768	30,222
	Associate	<u>52,456</u>	<u>16,820</u>
		<u>\$ 84,949</u>	<u>\$ 68,973</u>

The sales to Data Image (Suzhou) Corporation were conducted at cost without markup, and payment collection terms were determined with reference to the financial position.

For other sales transactions, since most of the products are customized and no comparable products, the prices are negotiated by both parties; sales to related parties and non-related parties are collected 30 to 60 days from upon shipment or end of the month and collected 30 to 90 days from upon shipment or end of the month., respectively.

c. Purchases

<u>Related Party Category</u>	<u>2024</u>	<u>2023</u>
Subsidiary	\$ 2,998	\$ 497
Sister company	3,146	-
A subsidiary of AUO Corporation		
AUO Display Plus Corporation	<u>125,340</u>	<u>86,542</u>
	<u>\$ 131,484</u>	<u>\$ 87,039</u>

Purchases are made at the general purchase price. Purchases from related parties and non-related parties are paid 30 to 45 days from after delivery or end of the month and paid 30 to 120 days end of the month, respectively.

d. Manufacturing expenses - Processing fee

<u>Related Party Category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary		
Data Image (Suzhou) Corporation	<u>\$ 974,711</u>	<u>\$ 1,134,344</u>

Processing fees are directly incurred as a result of transactions with Data Image (Suzhou) Corporation.

e. Receivables from related parties

<u>Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	Parent company	\$ 43	\$ -
	Subsidiary	2,533	1,387
	Sister company	2,250	3,356
	Associate	13,004	2,534
		<u>\$ 17,830</u>	<u>\$ 7,277</u>
Other receivables	Associate	<u>\$ 107</u>	<u>\$ -</u>

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment losses were recognized for accounts receivable from related parties.

f. Payables to related parties

<u>Item</u>	<u>Related Party Category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable	A subsidiary of AUO Corporation	<u>\$ 7,499</u>	<u>\$ 21,742</u>
	Subsidiary		
	Data Image (Suzhou) Corporation	307,842	294,000
	Other	166	-
		<u>308,008</u>	<u>294,000</u>
		<u>\$ 315,507</u>	<u>\$ 315,742</u>
Other payables	Parent company	\$ 3,043	\$ 644
	Subsidiary	-	499
	Sister company	50	20
	Associate	5,443	9,728
		<u>\$ 8,536</u>	<u>\$ 10,891</u>

For the years ended December 31, 2024 and 2023, the Company sells raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchases partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income and cost are expressed at a net amount. In addition, after offsetting the relevant accounts receivable and payable, collection and payment will be made based on its capital status and the balance after offsetting accounts receivable and payable on December 31, 2024, and 2023.

The outstanding accounts payable to related parties are unsecured.

g. Prepayments (accounted for as other current assets)

<u>Related Party Category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
A subsidiary of AUO Corporation		
AUO Display Plus Corporation	<u>\$ -</u>	<u>\$ 3,075</u>

h. Acquisition of property, plant and equipment

<u>Related Party Category</u>	<u>Purchase price</u>	
	<u>2024</u>	<u>2023</u>
Parent company	\$ <u>1,739</u>	\$ <u>-</u>

i. Lease agreement

<u>Item</u>	<u>Related Party Category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease liabilities	Parent company	\$ <u>597</u>	\$ <u>2,373</u>

<u>Item</u>	<u>Related Party Category</u>	<u>2024</u>	<u>2023</u>
Interest expenses (accounted for as finance cost)	Parent company	\$ <u>21</u>	\$ <u>45</u>

The Company rented the Taoyuan Office from the parent company in November 2021 and the Taoyuan Plant from the parent company in May 2020. The lease terms are 3.5 years and 5 years, respectively. The rental is based on the rental level of similar assets, and it pays a fixed lease payment monthly according to the lease contract.

j. Other related party transactions

<u>Related Party Category/Name</u>	<u>2024</u>	<u>2023</u>
<u>Operating cost</u>		
Parent company	\$ 10,061	\$ 15,003
A subsidiary of AUO Corporation	15	-
Subsidiary	-	49
Sister company	255	239
Associate	138	-
	\$ <u>10,469</u>	\$ <u>15,291</u>

<u>Operating expenses</u>		
Parent company	\$ 1,783	\$ 1,327
AUO Corporation	-	1
A subsidiary of AUO Corporation	458	610
Subsidiary	720	1,581
Sister company	2,139	1,018
Associate	1,738	727
Substantial related party	-	1,000
	\$ <u>6,838</u>	\$ <u>6,264</u>

<u>Operating expenses - Commission expense</u>		
Associate	\$ <u>22,762</u>	\$ <u>29,879</u>

As the parent company provided partial management services to the Company, the management expenses recognized for the Years Ended December 31, 2024 and 2023 were \$11,844 thousand and \$16,330 thousand, respectively. Commission expenses are calculated based on the rates

agreed upon in contracts and are paid only after the Company has received the relevant accounts receivable for sales of goods as an agent.

k. Endorsements and guarantees

Information on endorsements and guarantees for related party by the Company is set out in Table 1.

l. Remuneration of key management personnel

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 19,708	\$ 18,639
Share-based payments	<u>151</u>	<u>-</u>
	<u>\$ 19,859</u>	<u>\$ 18,639</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

27. Pledged assets

The following assets of the Company have been pledged as the collateral for the collection of business taxes after the release of the imported goods by customs:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Refundable deposits (accounted for as other non-current assets)	<u>\$ 1,036</u>	<u>\$ 1,020</u>

28. Significant assets and liabilities denominated in foreign currencies

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	<u>Foreign Currency</u>		<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 15,661	32.785	(USD: NTD)	\$ 513,460
<u>Non-monetary items</u>				
Investment accounted for using the equity method				
USD	285	32.785	(USD: NTD)	9,343
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	17,278	32.785	(USD: NTD)	566,457

December 31, 2023

	Foreign Currency	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 17,047	30.75	(USD: NTD)	\$ 524,194
<u>Non-monetary items</u>				
Investment accounted for using the equity method				
USD	289	30.75	(USD: NTD)	8,874
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	18,371	30.75	(USD: NTD)	564,903

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	32.785 (USD:NTD)	\$ 13,566	30.750 (USD:NTD)	\$ 5,873

29. Separately disclosed items

a. Information on significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: Table 1.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.

- 9) Trading in derivative instruments: Note 7.
- b. Information on investees: Table 5.
- c. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 7.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information on major shareholders: Table 8.

Data Image Corporation
Endorsements/Guarantees Provided
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Table 1

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsement/Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/Guaranteed by Collateral	Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/Guarantee Limit (Note)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Data Image (Suzhou) Corporation	A wholly owned subsidiary through Data Image (MAURITIUS) Corporation	\$ 390,350	\$ 64,940	\$ 32,785	\$ -	\$ -	1.68%	\$ 975,875	Yes	No	Yes

Note: The total amount of the Company's endorsements /guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements. The endorsements/guarantees provided to a single enterprise are limited to 20% of its net worth, as stated in its latest financial statements.

Data Image Corporation
Marketable securities held
December 31, 2024
(In Thousands of New Taiwan Dollars)

Table 2

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of shares	Carrying amount	Percentage of Ownership	Fair value	
DIVA Laboratories, Ltd.	Stocks Insight Genomics Inc.	—	Financial assets at fair value through other comprehensive income - non-current	600,000	\$ 2,856	6.40%	\$ 2,856	
	Renown Information Technology Corp.	—	Financial assets at fair value through other comprehensive income - non-current	240,000	2,176	4.80%	2,176	
	Pharmally International Holding Company Limited	—	Financial assets at fair value through profit or loss - current	150,000	-	-	(Note)	

Note : Pharmally International Holding Company Limited was delisted on April 1, 2021. Due to the assessment that the fair value of the marketable securities may be extremely low and a reasonable valuation price was unable to be obtained, the entire amount was recognized as a valuation loss.

Data Image Corporation

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Table 3

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/sales	Amount	% of Total (Note 1)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of Total	
The Company	AUO Display Plus Corporation	A subsidiary of AUO Corporation	Purchases	\$ (125,340)	(12)	45 days end of the month	Based on the agreed prices	45 days end of the month	\$ (7,499)	(2)	
The Company	Data Image (Suzhou) Corporation	Subsidiary	Processing fees	(974,711)	(96)	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	(307,842)	(65)	
Data Image (Suzhou) Corporation	The Company	Parent company	Processing income	974,711	97	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	307,842	99	

Note 1: The processing fees are calculated as a percentage of the total manufacturing expenses.

Data Image Corporation
 Receivables from Related Parties Amounting to at least NT\$100 million or 20% of the Paid-in Capital
 December 31, 2024
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 4

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Actions Taken		
Data Image (Suzhou) Corporation	The Company	Parent company	\$ 307,842	3.20	\$ -	—	\$ 208,957	\$ -

Data Image Corporation
Information on Investees
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 5

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of shares	Ratio (%)	Carrying amount			
The Company	Data Image (MAURITIUS) Corporation	Mauritius	Investment	\$ 518,381	\$ 518,381	20,215,000	100.00	\$ 507,945	\$ 18,563	\$ 18,563	—
	DIVA Laboratories, Ltd.	Taiwan	Medical equipment manufacturing and sales	638,740	625,680	21,273,122	36.26	633,622	93,661	27,046	Note 1
	DMC Components International, LLC	Orlando, USA	Sales agency	24,304	24,304	300,000	30.00	9,343	(2,923)	(1,134)	Note 2
DIVA Laboratories, Ltd.	DIVA Laboratories GmbH	Germany	Sales of monitor	25,092	25,092	-	100.00	1,018	(167)	(167)	-
	DIVA Laboratories U.S., LLC	USA	Sales of monitor	35,858	35,858	-	100.00	21,164	5,578	5,578	-
	Panoramic Imaging Solutions Inc.	Taiwan	Sales of monitor	-	24,600	-	-	-	1,511	1,514	Notes 3 and 4
	Diva Capital Inc.	Samoa	Reinvestment	52,908	52,908	-	100.00	9,039	(861)	(859)	Note 5
	The Linden Group Corp.	USA	Sales of monitor	30,015	30,015	-	19.00	(102)	9,004	1,711	Notes 6 and 7
Diva Capital Inc.	Diva Holding Inc.	Samoa	Reinvestment	52,598	52,598	-	100.00	9,122	(862)	Note 8	-

Note 1: The difference between the profit and loss of the investee recognized based on the shareholding ratio in the current year and the investment gain or loss recognized in the current year is the effect of the fair value of the investee's assets being higher than the book value of the amortization.

Note 2: The carrying amount deducted the unrealized gain on downstream transactions of \$621 thousand.

Note 3: The recognized investment gain is the reversal of the unrealized gross profit of \$3 thousand from the upstream transactions at the beginning of the year.

Note 4: On March 2, 2023, DIVA Laboratories, Ltd.'s board of directors resolved to dissolve and liquidate its subsidiary, Panoramic Imaging Solutions Inc., and on August 28, 2024, the liquidation proceedings have been completed.

Note 5: The carrying amount deducted the unrealized gain on downstream transactions of \$76 thousand.

Note 6: The carrying amount deducted the unrealized gain on downstream transactions of \$2,008 thousand.

Note 7: DIVA Laboratories, Ltd. had accumulated \$25,787 thousand of impairment loss on the investment in The Linden Group Corp. accounted for using the equity method.

Note 8: The profit or loss of the investee has been included in its investees. To avoid confusion, it is not expressed otherwise presented in these financial statements.

Data Image Corporation
Information on Investments in Mainland China
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 6

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of Year	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan at the End of Year	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount at the End of Year (Note 1)	Accumulated Repatriation of Investment Income at the End of Year
					Outward	Inward						
Data Image (Suzhou) Corporation	Manufacturing, processing, and sale of LCD touch modules and LCD modules	\$ 534,081 (USD 16,300 thousand)	An investee in Mainland China through investment in the establishment of Data Image (MAURITIUS) Corporation in a third region	\$ 511,884 (USD 15,654 thousand)	\$ -	\$ -	\$ 511,884 (USD 15,654 thousand)	\$ 18,598 (RMB 4,223 thousand)	100%	\$ 18,598 (RMB 4,223 thousand)	\$ 506,552 (RMB 112,780 thousand)	\$ -
Suzhou Diva Lab. Inc.	Medical equipment wholesale, import and export business	52,643 (USD 1,725 thousand)	Diva Capital Inc., a 100% owned third region subsidiary, reinvested in a third region company Diva Holding Inc., and reinvested in a mainland China company	52,643 (USD 1,725 thousand)	-	-	52,643 (USD 1,725 thousand)	(861) (RMB 192 thousand)	100%	(861) (RMB 192 thousand)	9,081 (RMB 2,022 thousand)	-

Investor	Accumulated Outward Remittance for Investments in Mainland China at the end of the year	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Company	USD 15,654 thousand	USD 16,952 thousand	\$ 1,665,497 (Note 2)
DIVA Laboratories, Ltd.	USD 1,725 thousand	USD 2,000 thousand	\$ 633,301 (Note 3)

Note 1: It was recognized based on the financial statements reviewed by the parent company's CPAs in Taiwan for the same period.

Note 2: The calculation is based on the limit of 60% of the net worth, according to related regulations from the Investment Commission, MOEA.

Note 3: The calculation is based on a limit of 60% of the consolidated net value of DIVA Laboratories, Ltd., according to related regulations from the Investment Commission, MOEA.

Data Image Corporation

Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly through a Third Party, and Their Prices, Payment Terms, and Unrealized Gains or Losses

For the Year Ended December 31, 2024

(In Thousands of New Taiwan Dollars,)

Table 7

Investee Company	Transaction type	Purchases/sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transaction	Ending Balance	%		
Data Image (Suzhou) Corporation	Sales	\$ 9,941	-	Proceed in accordance with the agreed-upon price	To be determined subject to the capital status	To be determined subject to the capital status	\$ -	-	\$ -	(Note)
Data Image (Suzhou) Corporation	Processing fee	974,711	96%	Made at the general purchase price	To be determined subject to the capital status	To be determined subject to the capital status	(307,842)	65%	-	(Note)

Note : The Company sells raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchases partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income and cost are expressed at a net amount. In addition, after offsetting the relevant accounts receivable and payable, collection and payment will be made based on its capital status and the balance after offsetting accounts receivable and payable on December 31, 2024.

Data Image Corporation
Information on Major Shareholders
December 31, 2024

Table 8

Name of major shareholders	Shares	
	Number of Shares	Percentage of Ownership(%)
Qisda Corporation	24,295,000	31.11%
Fu-Chi Teng	4,041,366	5.17%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current year. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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STATEMENT 1

Data Image Corporation
Statement of Cash and Cash Equivalents
December 31, 2024
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Exchange Rate</u>	<u>Annual Interest Rate</u>	<u>Amount</u>
Cash			
Cash on hand			\$ <u>1</u>
Cash in banks			
Demand deposits - NTD		0.010%-0.725%	442,540
Demand deposits - foreign currency			
USD	32.785	0.030%-3.540%	60,207
Checking account			<u>935</u>
			<u>503,682</u>
Cash equivalents			
Time deposits		1.205%-1.505%	<u>195,400</u>
			<u>\$ 699,083</u>

STATEMENT 2

Data Image Corporation
Statement of Accounts Receivable
December 31, 2024
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Customer A	\$ 93,138
Customer B	48,568
Customer C	46,049
Customer D	41,518
Others (Note)	<u>203,451</u>
	432,724
Less: Loss allowance	<u>2,164</u>
	<u>\$ 430,560</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

Data Image Corporation

Statement of Inventories

December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 204,681	\$ 206,167
Work in process	50,462	59,104
Finished goods	14,927	22,251
Merchandise	<u>20,966</u>	<u>21,649</u>
	<u>\$ 291,036</u>	<u>\$ 309,171</u>

Data Image Corporation
Statement of Changes in Investments Accounted for Using the Equity Method
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Par Value	Balance, January 1, 2024		Additions (Decrease) in Investment		Share of profit or loss of subsidiaries and associates	Changes in 2024			Balance, December 31, 2024			Net Assets Value	Note
		Shares	Amount	Shares	Amount		Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Exchange Differences on Translation of Financial Statements of Foreign Operations	Others	Shares	(%)	Amount		
Data Image (MAURITIUS) Corporation	US\$1	20,215,000	\$ 472,173	-	\$ -	\$ 18,563	\$ -	\$ 17,209	\$ -	20,215,000	100.00	\$ 507,945	\$ 507,945	(Note 1)
DIVA Laboratories, Ltd.	NTD\$10	20,856,000	622,870	417,222	13,060	27,046	149	532	(30,035)	21,273,222	36.26	633,622	813,701	(Notes 1 and 2)
DMC Components International ,LLC	US\$1	300,000	8,874	-	-	(1,134)	-	673	930	300,000	30.00	9,343	9,964	(Notes 1 and 3)
			<u>\$ 1,103,917</u>		<u>\$ 13,060</u>	<u>\$ 44,475</u>	<u>\$ 149</u>	<u>\$ 18,414</u>	<u>\$ (29,105)</u>	-		<u>\$ 1,150,910</u>	<u>\$ 1,331,610</u>	

Note 1: Long-term equity investments were not pledged as collateral.

Note 2: Others included actuarial gain of \$167 thousand, realized gross profit on downstream \$4 thousand, a cash dividend of (\$26,592) thousand and difference between consideration and carrying amount of DIVA Laboratories, Ltd. acquired (\$3,614) thousand.

Note 3: Others included realized gross profit on downstream \$1,037 thousand and a cash dividend of (\$107).

STATEMENT 5

Data Image Corporation
Statement of Changes in Right-of-Use Assets
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2024	Additions	Decreases	Balance, December 31, 2024
Costs				
Buildings	\$ 41,549	\$ 34,857	\$ (33,394)	\$ 43,012
Transportation equipment	9,840	-	-	9,840
	<u>51,389</u>	<u>\$ 34,857</u>	<u>\$ (33,394)</u>	<u>52,852</u>
Accumulated depreciation				
Buildings	34,339	\$ 8,402	\$ (33,394)	9,347
Transportation equipment	3,819	2,500	-	6,319
	<u>38,158</u>	<u>\$ 10,902</u>	<u>\$ (33,394)</u>	<u>15,666</u>
	<u>\$ 13,231</u>			<u>\$ 37,186</u>

STATEMENT 6

Data Image Corporation
Statement of Accounts Payable
December 31, 2024

Vendor Name	Amount
Vendor A	\$ 63,984
Vendor B	10,878
Vendor C	9,874
Others (Note)	<u>71,088</u>
	<u>\$ 155,824</u>

Note: The amount included in others does not exceed 5% of the account balance.

STATEMENT 7

Data Image Corporation
Statement of Lease Liabilities
December 31, 2024
(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Summary</u>	<u>Lease Period</u>	<u>Discount Rate</u>	<u>Amount</u>	<u>Note</u>
Buildings		2020/05/01-2029/10/29	1.35%-2.50%	34,361	—
Transportation equipment		2021/05/11-2028/10/05	1.30%-2.15%	3,580	—
				37,941	
Transfer of current liabilities within one year				(8,997)	
				<u>\$ 28,944</u>	

STATEMENT 8

Data Image Corporation
Statement of Operating Revenue
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Quantity (Pcs)	Amount
LCD touch module	962,185	\$ 2,086,437
LCD module	411,048	429,058
Others	-	27,965
		<u>\$ 2,543,460</u>

STATEMENT 9

Data Image Corporation
Statement of Operating Cost
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Items	Amount
Cost of goods sold - Manufactured Products	
Raw material	
Less: Raw material, beginning of the year	\$ 179,772
Add: Raw material purchased	470,278
Less: Sales of raw material	(12,026)
Raw material, end of the year	(204,681)
Scrapping losses	(1,493)
Internal used	(2,552)
Raw material used	429,298
Manufacturing expense	1,016,480
Manufacturing cost	1,445,778
Add: Work in process, beginning of the year	62,867
Less: Work in process, end of the year	(50,462)
Cost of finished goods	1,458,183
Add: Finished goods, beginning of the year	28,553
Less: Finished goods, end of the year	(14,927)
Scrapping losses	(1,083)
Internal used	(4,036)
Cost of goods sold - Manufactured Products	<u>1,466,690</u>
Cost of goods sold - Purchased Merchandise	
Add: Merchandise, beginning of the year	40,543
Merchandise, purchased	549,137
Cost of raw material sold	12,026
Less: Merchandise, end of the year	(20,966)
Scrapping losses	(1,879)
Internal used	(897)
Cost of goods sold - Purchased Merchandise	<u>577,964</u>
Inventory scrapping losses	<u>4,455</u>
Operating costs	<u>\$ 2,049,109</u>

STATEMENT 10

Data Image Corporation
Statement of Operating Expenses
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Selling expenses	General and administrative expenses	Research and development expenses	Expected credit loss(gain)	Total
Salaries	\$ 15,823	\$ 72,633	\$ 67,501	\$ -	\$ 155,957
Commission fee	23,192	-	-	-	23,192
Depreciation expenses	1,445	6,153	8,125	-	15,723
Insurance expense	4,592	5,215	4,414	-	14,221
Professional service fees	1,422	7,615	1,359	-	10,396
R&D materials expense	-	-	5,643	-	5,643
Promotion expense	4,687	28	-	-	4,715
Others (Note)	10,712	16,939	22,738	473	50,862
	<u>\$ 61,873</u>	<u>\$ 108,583</u>	<u>\$ 109,780</u>	<u>\$ 473</u>	<u>\$ 280,709</u>

Note: The amount included in others does not exceed 5% of the account balance.

STATEMENT 11

Data Image Corporation
Statement of Labor, Depreciation and Amortization by Function
For the Year Ended December 31, 2024
(In Thousands of New Taiwan Dollars)

Item	2024			2023		
	Allocated to Operating Costs	Allocated to Operating Expense	Total	Allocated to Operating Costs	Allocated to Operating Expenses	Total
Employee benefits expense						
Salary	\$ 39,807	\$148,329	\$188,136	\$ 44,056	\$139,192	\$183,248
Labor and health insurance fees	1,243	4,282	5,525	1,894	7,602	9,496
Pension expense	1,326	5,211	6,537	1,255	4,734	5,989
Directors' remuneration	-	7,628	7,628	-	8,534	8,534
Other employee benefits	3,169	10,421	13,590	2,245	6,678	8,923
	<u>\$ 45,545</u>	<u>\$175,871</u>	<u>\$221,416</u>	<u>\$ 49,450</u>	<u>\$166,740</u>	<u>\$216,190</u>
Depreciation expense	<u>\$ 4,807</u>	<u>\$ 15,723</u>	<u>\$ 20,530</u>	<u>\$ 5,005</u>	<u>\$ 16,614</u>	<u>\$ 21,619</u>
Amortization expense	<u>\$ -</u>	<u>\$ 1,328</u>	<u>\$ 1,328</u>	<u>\$ -</u>	<u>\$ 1,992</u>	<u>\$ 1,992</u>

Note:

1. For the year of 2024 and 2023, the number of employees of the Company were 135 and 136, respectively, of which the number of directors who did not concurrently serve as employees was 7 and 8, respectively.
2. Additional disclosure of the following information
 - a) The average employee benefit expense of the current year was \$1,670 thousand and the previous year was \$1,622 thousand.
 - b) The average employee's salary expense of the current year was \$1,470 thousand and the previous year was \$1,432 thousand.
 - c) Change in average employee's salary expense adjustments increased by 3%.
 - d) Directors' remuneration includes compensation, remuneration of directors, and transportation allowances. The compensation is determined with reference to industry standards. Transportation allowances are paid based on directors' attendance at board meetings, and remuneration of directors are handled in accordance with the Company's Articles of Incorporation. Remuneration of managerial personnel and employees includes salaries, bonuses, retirement or severance payments, and compensation of employees. Such compensation is determined with reference to prevailing industry practices, and takes into account individual performance, the Company's operating results, and the reasonableness in relation to future risks. Compensation is administered in accordance with the Company's salary management policies and related internal regulations. All directors' remuneration and managerial officers are reviewed and approved by the Compensation Committee and subsequently submitted to the Board of Directors for resolution in accordance with applicable regulations.