

ELTA Technology Co., Ltd.

Financial Reports and Independent Auditors' Review Report

First Quarter of 2025 and 2024

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Independent Auditors' Review Report

To ELTA Technology Co., Ltd.;

Foreword

We have audited the balance sheets of ELTA Technology Co., Ltd. as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2025 and 2024, along with the notes to the financial statements (including a summary of significant accounting policies). 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity.” A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned financial statements are not prepared, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, and therefore fail to present fairly the financial position of ELTA Technology Co., Ltd. as of March 31, 2025 and 2024, and its financial performance and cash flows for the periods from January 1 to March 31, 2025 and 2024.

The engagement partners on the audits resulting in this independent auditors’ report are Yi-Ching Liu and Shih-Jung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 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

ELTA TECHNOLOGY CO., LTD.

BALANCE SHEETS

March 31, 2025 and December 31, 2024 and March 31, 2024

(In Thousands of New Taiwan Dollars)

Unit: NTD thousand							
Code	Assets	March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash (Note VI)	\$ 328,662	29	\$ 335,422	33	\$ 656,794	58
1136	Financial assets measured at amortized cost (Note VII)	180,000	16	230,894	22	82,538	7
1170	Accounts receivable (Note VIII)	153,579	14	257,602	25	146,213	13
1200	Other receivables	25,255	2	28,049	3	26,594	2
1330	Programs to be broadcast (Notes IX)	79,856	7	82,026	8	79,009	7
1410	Prepayment (Note X)	100,164	9	44,457	4	84,279	7
1470	Other current assets	6,538	1	10,926	1	8,693	1
11XX	Total current assets	874,054	78	989,376	96	1,084,120	95
	Non-current assets						
1600	Property, plant and equipment: (Note XI)	11,735	1	12,436	1	9,940	1
1755	Right-of-use assets (Note XII)	14,880	1	18,910	2	33,811	3
1780	Intangible assets	1,789	-	2,080	-	2,556	-
1840	Deferred income tax assets (Note IV)	2,551	-	2,355	-	2,303	-
1915	Prepayment for equipment	1,112	-	1,112	-	-	-
1900	Other non-current assets (Note XIII)	221,027	20	8,033	1	7,483	1
15XX	Total non-current assets	253,094	22	44,926	4	56,093	5
1XXX	Total assets	\$ 1,127,148	100	\$ 1,034,302	100	\$ 1,140,213	100
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes XIV and XXIV)	\$ -	-	\$ -	-	\$ 150,000	13
2130	Contract liabilities (Note XVII)	98,588	9	24,013	2	13,747	1
2170	Accounts and notes payable	79,371	7	43,603	4	96,153	8
2219	Other payables (Note XV)	148,136	13	207,503	20	132,341	12
2230	Current income tax liabilities	34,873	3	28,027	3	34,688	3
2280	Lease liabilities (Note XII)	14,616	1	19,391	2	21,588	2
2399	Other current liabilities	16,076	2	3,533	-	3,065	-
21XX	Total current liabilities	391,660	35	326,070	31	451,582	39
	Non-current liabilities						
2527	Deferred income tax liabilities (Note XIV)	-	-	-	-	552	-
2580	Lease liabilities (Note XII)	1,268	-	781	-	13,413	1
2640	Net defined benefit liability	6,166	-	6,166	1	6,404	1
25XX	Total non-current liabilities	7,434	-	6,947	1	20,369	2
2XXX	Total liabilities	399,094	35	333,017	32	471,951	41
	Equity (Note XVI and XXI)						
3110	Common stock capital	265,350	24	265,350	26	265,350	23
3200	Capital reserve	215,676	19	215,676	21	215,676	19
	Retained earnings						
3310	Legal reserve	31,122	3	31,122	3	17,599	2
3350	Undistributed earnings	215,906	19	189,137	18	169,637	15
3300	Total retained earnings	247,028	22	220,259	21	187,236	17
3XXX	Total equity	728,054	65	701,285	68	668,262	59
	Total liabilities and equity	\$ 1,127,148	100	\$ 1,034,302	100	\$ 1,140,213	100

The attached notes are part of the financial statements.

ELTA TECHNOLOGY CO., LTD.

Statement of Comprehensive Income

January 1 to March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		January 1 to March 31, 2025		January 1 to March 31, 2024	
		Amount	%	Amount	%
4000	Operating revenue (Note XVII)	\$ 244,027	100	\$ 200,826	100
5000	Operating cost (Note XVIII)	<u>182,936</u>	<u>75</u>	<u>142,863</u>	<u>71</u>
5900	Gross operating profit	<u>61,091</u>	<u>25</u>	<u>57,963</u>	<u>29</u>
	Operating expense (Note XVIII)				
6100	Marketing expense	15,028	6	12,683	7
6200	Administrative expense	<u>11,994</u>	<u>5</u>	<u>14,478</u>	<u>7</u>
6000	Total operating expenses	<u>27,022</u>	<u>11</u>	<u>27,161</u>	<u>14</u>
6900	Net operating profit	<u>34,069</u>	<u>14</u>	<u>30,802</u>	<u>15</u>
	Non-operating income and expense (Note XVIII)				
7100	Interest income	865	-	571	-
7010	Other income	-	-	81	-
7020	Other profit and loss	(1,387)	-	3,582	2
7050	Financial cost	(<u>86</u>)	-	(<u>1,092</u>)	-
7000	Total non-operating income and expense	(<u>608</u>)	-	<u>3,142</u>	<u>2</u>
7900	Net profit before tax	33,461	14	33,944	17
7950	Income tax expense (Note XIX)	(<u>6,692</u>)	(<u>3</u>)	(<u>6,798</u>)	(<u>3</u>)
8200	Net profit for the period	<u>26,769</u>	<u>11</u>	<u>27,146</u>	<u>14</u>
8500	Total comprehensive income for the period	<u>\$ 26,769</u>	<u>11</u>	<u>\$ 27,146</u>	<u>14</u>
	Earnings per share (Note XX)				
9710	Basic	<u>\$ 1.01</u>		<u>\$ 1.08</u>	
9810	Diluted	<u>\$ 1.00</u>		<u>\$ 1.07</u>	

The attached notes are part of the financial statements.

ELTA TECHNOLOGY CO., LTD.

Statement of Changes in Equity January 1 to March 31, 2025 and 2024 (In Thousands of New Taiwan Dollars)

Code		Common stock capital (Note XVI)		Capital reserve (Note XVI)	Retained earnings		Total equity
		Number of common shares (thousand shares)	Amount		Legal reserve	Undistributed earnings	
A1	Balance on January 1, 2024	25,035	\$ 250,350	\$ 124,976	\$ 17,599	\$ 142,491	\$ 535,416
D1	Net profit for the three months ended March 31, 2024	-	-	-	-	27,146	27,146
D5	Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	27,146	27,146
E1	Cash capital increase	1,500	15,000	90,028	-	-	105,028
N1	Share-based payment transactions	-	-	672	-	-	672
Z1	Balance on March 31, 2024	<u>26,535</u>	<u>\$ 265,350</u>	<u>\$ 215,676</u>	<u>\$ 17,599</u>	<u>\$ 169,637</u>	<u>\$ 668,262</u>
A1	Balance on January 1, 2025	26,535	\$ 265,350	\$ 215,676	\$ 31,122	\$ 189,137	\$ 701,285
D1	Net profit for the three months ended March 31, 2025	-	-	-	-	26,769	26,769
D5	Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	26,769	26,769
Z1	Balance on March 31, 2025	<u>26,535</u>	<u>\$ 265,350</u>	<u>\$ 215,676</u>	<u>\$ 31,122</u>	<u>\$ 215,906</u>	<u>\$ 728,054</u>

The attached notes are part of the financial statements.

ELTA TECHNOLOGY CO., LTD.

Statement of Cash Flows

January 1 to March 31, 2025 and 2024

(In Thousands of New Taiwan Dollars)

Code		January 1 to March 31, 2025	January 1 to March 31, 2024
	Cash flow from operating activities		
A10000	Net profit before tax	\$ 33,461	\$ 33,944
A20010	Revenue and expense		
A20100	Depreciation expense	6,812	6,903
A20200	Amortization expense	291	269
A20900	Financial cost	86	1,092
A21200	Interest income	(865)	(571)
A21900	Share-based payment transaction	-	672
A22500	Gains from disposal and scrap of property, plant and equipment	(2)	-
A24100	Foreign exchange loss	436	375
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	104,025	50,374
A31180	Other receivables	3,215	1,579
A31220	Program to be broadcast	2,170	(6,919)
A31230	Prepayments	(268,701)	(17,297)
A31240	Other current assets	4,388	(6,059)
A32125	Contract liabilities	74,575	415
A32150	Accounts and notes payable	35,334	61,567
A32180	Other payables	(59,426)	(39,300)
A32230	Other current liabilities	12,543	591
A32240	Net defined benefit liability	-	(5)
A33000	Cash inflow (outflow) from operations	(51,658)	87,630
A33500	Income tax paid	(42)	(34)
AAAA	Net cash inflow (outflow) from operating activities	(51,700)	87,596
	Cash flow from investing activities		
B00040	Decrease in financial assets measured at amortized cost	50,894	39,341
B02700	Purchase of property, plant and equipment	(740)	(827)
B02800	Disposal of property, plant and equipment	2	-
B03700	Increase in refundable deposits	-	(750)
B07500	Interest received	444	361
BBBB	Net cash inflows from investing activities	50,600	38,125

(To be Continued)

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<u>Code</u>		<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	\$ -	\$ 410,000
C00200	Decrease in short-term borrowings	-	(260,000)
C04020	Lease principal repayment	(5,629)	(5,329)
C04600	Cash capital increase	-	105,028
C05600	Interest paid	(86)	(997)
CCCC	Net cash inflow (outflow) from financing activities	(5,715)	<u>248,702</u>
DDDD	Effect of exchange rate changes on cash	<u>55</u>	(303)
EEEE	Cash increase (decrease) in current period	(6,760)	374,120
E00100	Cash balance at the beginning of the period	<u>335,422</u>	<u>282,674</u>
E00200	Closing cash balance	<u>\$ 328,662</u>	<u>\$ 656,794</u>

The attached notes are part of the financial statements.

ELTA Technology Co., Ltd.
Notes to the financial statements
January 1 to March 31, 2025 and 2024
(Amount in NTD thousand unless otherwise specified)

I. Company history

The Company was incorporated on March 28, 2000 in accordance with the Company Act and other relevant laws and regulations. The main business is to provide IPTV digital multimedia transmission platform (MOD) and over-the-top media service (OTT) platform. The Company is engaged in provision of digital audio and video content, digital audio and video channel operations, and media ads broadcasting services. In addition, the Company's shares have been listed for trading on the innovative section of the Taiwan Stock Exchange since March 26, 2024.

The financial statements are presented in New Taiwan Dollar as the functional currency of the Company.

II. The date when the financial reports were authorized for issue and the process involved in authorizing the financial reports for issue

The parent company only financial statements were approved by the Board of Directors on May 9, 2025.

III. Application of new standards, amendments and interpretations

- (I) The initial use of the IFRS, IAS, IFRIC, and SIC (hereinafter collectively referred to as "IFRS accounting standards") approved and released by Financial Supervisory Commission (hereinafter referred to as "FSC").

The application of the amended IFRSs endorsed and issued into effect by the FSC does not have a material impact on the accounting policies of the Company:

- (II) IFRS accounting standards approved by the FSC and applicable in 2026.

Application Of new standards, amendments and interpretations	Effective date announced by IASB
Contents of the amended application guidance on financial asset classification under the amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026 (Note 1)

Note 1: This will be applicable to annual reporting periods beginning on or after January 1, 2026; early adoption is permitted starting from January 1, 2025.

As of the approval and release date of the individual financial statements, the Company has been concluded that the amendments to the above standards and interpretations will not have a significant impact on the financial position and financial performance.

- (III) IFRS accounting standards issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC.

Application Of new standards, amendments and interpretations	Effective date announced by IASB (Note 1)
"IFRS Annual Improvements - 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 Involving Electricity from Natural Resources"	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
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 aforementioned new/amended/revised standards or interpretations will become effective in annual reporting periods beginning on or after the respective effective date.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in this standard include:

- The income statement should categorize income and expense items into operating, investing, financing, income tax, and discontinued operations.
- The income statement should report operating profit and loss, financing and profit and loss before tax, as well as the totals of profit and loss.
- Provide guidelines to enhance aggregation and segmentation requirements: The Company must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on common characteristics, ensuring that each line item reported in the primary financial statements possesses at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and in the notes. The Company only marks such items as "others" if no more informative name can be found.
- Increase the disclosure of performance measures defined by management: When the Company engages in public communication outside of financial statements, and when communicating management's perspective on a specific aspect of the Company's overall financial performance to users of the financial statements, it should disclose information about performance measures defined by management in a single note to the financial statements. This includes a description of the measure, how it is calculated, a reconciliation with subtotals or totals specified by IFRS accounting standards, and the impact of related reconciliation items on income tax and non-controlling interests.

In addition to the effects above, as of the date of publication of these individual financial statements, the Company continues to evaluate the other impacts of each standard and new amendments to interpretations on the financial status and financial performance, with the relevant impact to be disclosed when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Compliance statement

The individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" approved and released by the FSC. The individual financial statements do not include all the disclosures required by IFRS accounting standards for a full set of annual financial statements.

(II) Basis of preparation

Except for the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the planned assets, the individual financial statements were prepared on the basis of historical cost.

Fair value measurement is classified into Level 1 to Level 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: The quoted price in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: Inputs that are observable for assets or liabilities directly (i.e. the price) or indirectly (i.e. presumed from the price), other than the quoted prices included in Level 1.
3. Level 3 inputs: Inputs that are not observable for assets or liabilities.

(III) Other significant accounting policies

In addition to the following, please refer to the summary of significant accounting policies in the 2024 parent company only financial statements.

1. Defined Benefits and Post-employment Benefits

The interim pension cost is calculated for the period from the beginning to the end of the current period based on the pension cost rate determined by actuarial calculations at the end of the previous year, and is adjusted for major market fluctuations in the current period, as well as major plan amendments, repayments or other major one-off items.

2. Income tax

Income tax expenses represent the sum of current income and deferred income taxes. The interim income tax is evaluated on an annual basis, and is calculated based on the interim pre-tax benefits at the tax rate applicable to the expected annual total earnings.

V. Key accounting judgments, estimates and key sources of assumption uncertainty

The significant accounting judgments used in the individual financial statements and the main sources of uncertainty in estimates and assumptions are the same as those in the individual financial statements for the year ended December 31, 2024.

VI. Cash

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and revolving funds	\$ 390	\$ 403	\$ 377
Checks and demand deposits	<u>328,272</u>	<u>335,019</u>	<u>656,417</u>
	<u>\$ 328,662</u>	<u>\$ 335,422</u>	<u>\$ 656,794</u>

VII. Financial assets measured at amortized cost

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Current</u>			
Domestic investment			
Time deposit with an initial maturity date over 3 months	<u>\$ 180,000</u>	<u>\$ 230,894</u>	<u>\$ 82,538</u>
Interest rate range (%)	1.45%~1.71%	1.45%~1.71%	1.30%~5.20%

VIII. Accounts receivable

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Measured at amortized cost			
Gross carrying amount	\$ 153,579	\$ 259,093	\$ 147,704
Less: Loss allowance	<u>-</u>	<u>(1,491)</u>	<u>(1,491)</u>
	<u>\$ 153,579</u>	<u>\$ 257,602</u>	<u>\$ 146,213</u>

The Company adopts the simplified approach of IFRS 9 to recognize the loss allowance for accounts receivable at an amount equal to lifetime-expected credit losses. The historical default record and current financial position of the customers as well as the industrial and economic situations are taken into account during the lifetime. The Company classifies customers into different risk groups and recognizes loss allowance based on the expected credit loss rate of each group.

The loss allowance on accounts receivable of the Company is as follows:

March 31, 2025

	<u>Not overdue</u>	<u>Overdue 1 to 180 days</u>	<u>Overdue more than 181 days</u>	<u>Total</u>
Gross carrying amount	\$ 152,946	\$ 633	\$ -	\$ 153,579
Allowance for loss (lifetime- expected credit loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 152,946</u>	<u>\$ 633</u>	<u>\$ -</u>	<u>\$ 153,579</u>

December 31, 2024

	<u>Not overdue</u>	<u>Overdue 1 to 180 days</u>	<u>Overdue more than 181 days</u>	<u>Total</u>
Gross carrying amount	\$ 257,602	\$ -	\$ 1,491	\$ 259,093
Allowance for loss (lifetime- expected credit loss)	<u>-</u>	<u>-</u>	<u>(1,491)</u>	<u>(1,491)</u>
Amortized cost	<u>\$ 257,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,602</u>

March 31, 2024

	Not overdue	Overdue 1 to 180 days	Overdue more than 181 days	Total
Gross carrying amount	\$ 145,268	\$ 945	\$ 1,491	\$ 147,704
Allowance for loss (lifetime- expected credit loss)	-	-	(1,491)	(1,491)
Amortized cost	<u>\$ 145,268</u>	<u>\$ 945</u>	<u>\$ -</u>	<u>\$ 146,213</u>

Information on loss allowance of accounts receivable is as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Balance at the beginning of the period	\$ 1,491	\$ 1,491
Less: Actual write-offs of the current period	(1,491)	-
Ending balance	<u>\$ -</u>	<u>\$ 1,491</u>

IX. Program to be broadcasted

	March 31, 2025	December 31, 2024	March 31, 2024
Video to be played	<u>\$ 79,856</u>	<u>\$ 82,026</u>	<u>\$ 79,009</u>

Operating costs related to programs pending broadcast for the periods from January 1 to March 31, 2025 and 2024 were NTD 86,564 thousand and NTD 73,683 thousand, respectively.

X. Prepayments

	March 31, 2025	December 31, 2024	March 31, 2024
Prepaid royalties	\$ 97,774	\$ 42,123	\$ 82,588
Others	<u>2,390</u>	<u>2,334</u>	<u>1,691</u>
	<u>\$ 100,164</u>	<u>\$ 44,457</u>	<u>\$ 84,279</u>

The pre-paid royalties are mainly paid for broadcasting rights of sports events and entertainment programs.

XI. Property, plant and equipment

	March 31, 2025	December 31, 2024	March 31, 2024
Machinery and equipment	\$ 7,058	\$ 7,892	\$ 5,655
Office equipment	4,031	3,797	2,737
Transportation equipment	-	-	1,193
Lease improvement	<u>646</u>	<u>747</u>	<u>355</u>
	<u>\$ 11,735</u>	<u>\$ 12,436</u>	<u>\$ 9,940</u>

Except for the recognition of depreciation expenses, the Company's property, plant, and equipment did not incur any significant additions, disposals, or impairments during

the periods from January 1 to March 31, 2025 and 2024. Depreciation expenses were calculated on the straight-line basis over the following useful lives

Machinery and equipment	3 to 8 years
Office equipment	3 to 6 years
Transportation equipment	3 years
Lease improvement	3 to 5 years

XII. Lease agreement

(I) Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
Book value of right-of-use assets			
Building	\$ 5,113	\$ 7,756	\$ 15,687
Machinery and equipment	7,767	10,357	18,124
Transportation equipment	2,000	797	-
	<u>\$ 14,880</u>	<u>\$ 18,910</u>	<u>\$ 33,811</u>
	January 1 to March 31, 2025	January 1 to March 31, 2024	
Addition of right-of-use assets	<u>\$ 1,341</u>	<u>\$ -</u>	
Depreciation expense of right-of-use assets			
Building	\$ 2,644	\$ 2,643	
Machinery and equipment	2,589	2,589	
Transportation equipment	138	-	
	<u>\$ 5,371</u>	<u>\$ 5,232</u>	

(II) Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Book value of lease liabilities			
Current	<u>\$ 14,616</u>	<u>\$ 19,391</u>	<u>\$ 21,588</u>
Non-current	<u>\$ 1,268</u>	<u>\$ 781</u>	<u>\$ 13,413</u>

Range of discount rate for lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Building	1.85%~2.09%	1.85%~2.09%	1.85%~2.09%
Machinery and equipment	2.09%	2.09%	2.09%
Transportation equipment	2.33%~2.34%	2.34%	-

(III) Important lease-in activities and terms

The underlying assets leased by the Company are buildings, machinery and equipment. The lease period is 3 to 6 years. At the end of the lease period, the Company has no preferential right to acquire the underlying assets leased. In addition

that the leased assets shall not be used as collateral for loans, it is agreed that the Company shall not sublease or transfer all or part of the lease subject.

(IV) Other lease information

	January 1 to March 31, 2025	January 1 to March 31, 2024
Short-term lease expense	\$ 118	\$ 120
Total cash (outflow) for leases	(\$ 5,833)	(\$ 5,633)

XIII. Other non-current assets

	March 31, 2025	December 31, 2024	March 31, 2024
Prepaid royalties	\$ 212,994	\$ -	\$ -
Others	8,033	8,033	7,483
	<u>\$ 221,027</u>	<u>\$ 8,033</u>	<u>\$ 7,483</u>

XIV. Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured borrowings</u>			
Bank borrowings	\$ -	\$ -	\$ 150,000
Interest rate range (%)	-	-	1.93% ~ 2.21%

The Company's bank financing facilities are guaranteed by the related parties. Please refer to Note 24 for details.

XV. Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Collections payable	\$ 54,349	\$ 59,522	\$ 55,532
Remuneration payable to employees, directors and supervisors	38,738	33,738	30,472
Salaries and bonuses payable	30,875	83,958	25,804
Business taxes payable	6,230	9,553	1,285
Others	17,944	20,732	19,248
	<u>\$ 148,136</u>	<u>\$ 207,503</u>	<u>\$ 132,341</u>

XVI. Equity

(I) Share capital

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Common stock capital</u>			
Authorized number of shares (thousand shares)	36,000	36,000	36,000
Authorized capital	<u>\$ 360,000</u>	<u>\$ 360,000</u>	<u>\$ 360,000</u>
Shares issued and fully paid (thousand shares)	26,535	26,535	26,535
Capital stock issued	<u>\$ 265,350</u>	<u>\$ 265,350</u>	<u>\$ 265,350</u>

On December 27, 2023, the Company's Board of Directors resolved to issue new shares for cash capital increase for public underwriting before the initial public underwriting for listing on the Innovation Board. The Company issued 1,500 thousand new shares at the par value of NTD 10 per share for a total price of NTD 15,000 thousand, and the paid-in capital after the capital increase was 265,350 thousand. The aforementioned cash capital increase takes March 22, 2024 as the capital increase reference date. The weighted average price of the public subscription and underwriting price and the winning bid at competitive auction were NTD 50 and NTD 74.46 per share, respectively. The share capital of NTD 108,028 was collected in full. Underwriting expense of NTD 3,000 thousand was deducted from capital reserve.

(II) Capital reserve

	March 31, 2025	December 31, 2024	March 31, 2024
<u>For covering loss carried forward, cash payment, or capitalization as dividends (Note)</u>			
Stock issuance premium	\$ 212,988	\$ 212,988	\$ 212,988
Treasury stock trading	2,127	2,127	2,127
Expired stock options	561	561	561
	<u>\$ 215,676</u>	<u>\$ 215,676</u>	<u>\$ 215,676</u>

Note: This type of capital reserve may be used for covering losses carried forward, and for cash payment or capitalization into new shares if there is no loss carried forward. However, the appropriation for capitalization into new shares shall be limited to a certain ratio of the paid-in capital in the year concerned.

(III) Retained earnings and dividend policy

According to the earnings distribution policy stated in the Company's Articles of Incorporation, if the Company has a profit from the settlement of a year, it shall pay tax as required by laws and compensate the accumulated losses, before setting aside 10% as a legal reserve; provided that the legal reserve has reached the amount of the Company's paid-in capital, such provision may be waived. The remaining balances shall provide or reverse the special reserve as required by laws and regulations. For any balance remained, together with the accumulated undistributed earnings, the board of directors shall prepare a proposal for distribution of the earnings; if distribution is made in the form of new share issuance, the distribution shall be resolved at the shareholders' meeting. The Company's distribution of dividends and bonuses, or the legal reserve and capital reserve in whole or in part, if made in cash, the board of directors may be authorized to approve such through a special resolution, and report such to the shareholders' meeting. For the policy on the remuneration to employees, directors and supervisors as specified in the Company's Articles of Incorporation, please refer to Note XVIII (VI) about remuneration to employees, directors and supervisors.

The Company adopts the residual dividend policy that takes the needs for the Company's operating scale into account, complemented with the overall environment and the characteristics of the industry, to achieve the goal of sustainable operation and pursue the long-term interest of shareholders. 20% or more of the earnings shall be appropriated for the distribution of shareholders' dividends; provided that the cash dividend paid in each year shall not be less than 10% of the total dividends paid in the year.

The legal reserve should be appropriated until its balance reaches the Company's total paid-in capital. Legal reserves may be used to offset losses. If there is no loss carried forward for the Company, the amount of legal reserve in excess of 25% of the paid-in capital could be capitalized into new shares and pay out as cash dividend.

The earnings distribution proposal of the Company for 2024 and 2023 are as follows:

	2024	2023
Legal reserve	\$ 17,958	\$ 13,523
Cash dividends	\$ 137,982	\$ 119,407
Cash dividend per share (NTD)	\$ 5.20	\$ 4.50

The above cash dividends were distributed by resolution of the Board of Directors on February 25, 2025 and April 3, 2024, respectively. The remaining distribution items for 2023 were resolved by the shareholders' meeting on May 21, 2024. The remainder of the 2024 earnings appropriation is yet to be resolved by the shareholders' meeting on May 20, 2025.

XVII. Revenue

(I) Revenue from contracts with customers

	January 1 to March 31, 2025	January 1 to March 31, 2024
Revenue from digital content	\$ 218,037	\$ 181,076
Advertising revenue	24,903	14,209
Project revenue	588	5,351
Revenue from sale of goods	499	190
	<u>\$ 244,027</u>	<u>\$ 200,826</u>

(II) Contract balance

	March 31, 2025	December 31, 2024	March 31, 2024	January 1 to March 31, 2024
Accounts receivable	<u>\$ 153,579</u>	<u>\$ 257,602</u>	<u>\$ 146,213</u>	<u>\$ 196,425</u>
Contract liabilities				
Revenue from digital content	\$ 98,397	\$ 24,013	\$ 13,577	\$ 13,332
Project revenue	191	-	170	-
	<u>\$ 98,588</u>	<u>\$ 24,013</u>	<u>\$ 13,747</u>	<u>\$ 13,332</u>
Current	<u>\$ 98,588</u>	<u>\$ 24,013</u>	<u>\$ 13,747</u>	<u>\$ 13,332</u>

The variation of the contract liabilities is the result of the difference in the time point when the Company fulfills the obligations and the customer make the payment. Other significant changes are as follows:

The amount of contract liabilities recognized in the current period from the beginning is as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Contract liabilities		
Revenue from digital content	\$ 13,670	\$ 8,329

XVIII. Net income before tax

(I) Interest income

	January 1 to March 31, 2025	January 1 to March 31, 2024
Bank deposits	\$ 857	\$ 564
Others	<u>8</u>	<u>7</u>
	<u>\$ 865</u>	<u>\$ 571</u>

(II) Other profit and loss

	January 1 to March 31, 2025	January 1 to March 31, 2024
Net foreign exchange loss (gain)	(\$ 1,316)	\$ 3,582
Others	<u>(71)</u>	<u>-</u>
	<u>(\$ 1,387)</u>	<u>\$ 3,582</u>

(III) Financial cost

	January 1 to March 31, 2025	January 1 to March 31, 2024
Interest on bank borrowings	\$ -	\$ 908
Interest on lease liabilities	<u>86</u>	<u>184</u>
	<u>\$ 86</u>	<u>\$ 1,092</u>

(IV) Depreciation and amortization

	January 1 to March 31, 2025	January 1 to March 31, 2024
Property, plant and equipment	\$ 1,441	\$ 1,671
Right-of-use assets	5,371	5,232
Intangible assets	<u>291</u>	<u>269</u>
	<u>\$ 7,103</u>	<u>\$ 7,172</u>

Depreciation expense by
function

Operating cost	\$ 4,719	\$ 4,741
Operating expenses	<u>2,093</u>	<u>2,162</u>
	<u>\$ 6,812</u>	<u>\$ 6,903</u>

Amortization expense by
function

Operating cost	\$ 139	\$ 124
Marketing expense	115	110
Administrative expense	<u>37</u>	<u>35</u>
	<u>\$ 291</u>	<u>\$ 269</u>

(V) Employee benefit expense

	January 1 to March 31, 2025	January 1 to March 31, 2024
Short-term employee benefits		
Salary expense	\$ 40,507	\$ 36,392
Employee insurance premium	4,029	3,687

Other personnel expenses	1,214	1,170
Share-based payment		
Equity settled	-	672
Retirement benefits		
Defined contribution plan	1,393	1,311
Defined benefit plan	41	36
	<u>\$ 47,184</u>	<u>\$ 43,268</u>
Summary by function		
Operating cost	\$ 26,474	\$ 24,230
Operating expenses	20,710	19,038
	<u>\$ 47,184</u>	<u>\$ 43,268</u>

(VI) Remuneration to employees and directors

If the Company makes a profit, the Company shall appropriate 5% to 10% and no more than 3% as the remuneration to employees and directors, respectively. Pursuant to the amendment to the Securities and Exchange Act in August 2024, the Company plans to pass a resolution at the 2025 shareholders' meeting to amend the Articles of Incorporation, specifying that 40% to 50% of the amount allocated for employee remuneration for the year shall be distributed to entry-level employees. However, if the Company has an accumulated loss, the Company shall reserve an amount to make up for it, and then provide remuneration to employees and directors in accordance with the aforementioned percentages. The estimated remuneration of employees and directors for the three months ended March 31, 2025 and 2024 is as follows:

Estimated percentage

	January 1 to March 31, 2025	January 1 to March 31, 2024
Employee remuneration	10%	10%
Profit-sharing remuneration for directors	3%	3%

Amount

	January 1 to March 31, 2025	January 1 to March 31, 2024
Employee remuneration	\$ 3,846	\$ 3,689
Profit-sharing remuneration for directors	1,154	1,107

If there is any change in the amount after the approval and release date of annual individual financial statements, the change is treated as a change in accounting estimates and accounted in the following year.

The 2024 and 2023 employees' and directors' remuneration were distributed in cash as resolved by the Board of Directors on February 25, 2025 and February 27, 2024, respectively, as follows:

	2024	2023
Employee remuneration	\$ 25,952	\$ 19,751
Director remuneration	7,786	5,925

There is no difference between the actual amount of employees' and directors' remuneration distributed and the amount recognized in the parent company only financial statements for 2024 and 2023.

For the information about remuneration to the employees and directors resolved by the board of directors, please visit the Market Observation Post System of the Taiwan Stock Exchange.

XIX. Income Tax

(I) Income tax recognized in profit or loss

The main components of income tax expense are as follows:

	January 1 to March 31, 2025	January 1 to March 31, 2024
Income tax expense		
Incurred in the current period	\$ 6,888	\$ 6,098
Deferred income tax		
Incurred in the current period	(196)	700
Income tax expense recognized in profit or loss	<u>\$ 6,692</u>	<u>\$ 6,798</u>

(II) Authorization of income tax

The Company's filings up to 2023 have been approved by the tax authority.

XX. Earnings per share

	January 1 to March 31, 2025	January 1 to March 31, 2024
Basic earnings per share	<u>\$ 1.01</u>	<u>\$ 1.08</u>
Diluted earnings per share	<u>\$ 1.00</u>	<u>\$ 1.07</u>

The net profit and the weighted average number of common stocks used for calculating earnings per share are as follows:

Net profit for the period

	January 1 to March 31, 2025	January 1 to March 31, 2024
Net profit used to calculate basic/diluted earnings per share	<u>\$ 26,769</u>	<u>\$ 27,146</u>

Number of shares

	January 1 to March 31, 2025	Unit: thousand shares January 1 to March 31, 2024
The weighted average number of common stocks used for calculating basic earnings per share are as follows:	26,535	25,200
Effect of dilutive potential common stocks:		
Employee remuneration	<u>271</u>	<u>221</u>
The weighted average number of common stocks used for calculating diluted earnings per share are as follows:	<u>26,806</u>	<u>25,421</u>

When the Company can select stocks or cash as the remuneration to employees, it is assumed that the employee's remuneration is paid with stocks when the diluted EPS

is calculated. The weighted average outstanding common stocks are added when the potential common stocks have diluting capability to calculate the diluted EPS. The dilutive effect of the potential common stocks will continue to be taken into account when calculating diluted earnings per share for next year's decision of share-based employee remuneration.

XXI. Share-based payment agreements

Employee stock option plan - capital increase in cash

On February 27, 2024, the board of directors resolved to make a capital increase in cash and reserve a certain percentage of the issued shares for subscription among employees in accordance with the Company Act.

Employee stock options are valued using the Black-Scholes model. The inputs for the valuation model are as follows:

	March 2024
Stock price on the grant date	NTD 52.87
Exercise price	NTD 50
Expected volatility	67.02%
Expected duration	0.0417 years
Expected dividend yield	-
Risk-free interest rate	1.0885%

From January 1 to March 31, 2024, the recognized remuneration cost of employee share options due to cash capital increase was NT\$672 thousand.

XXII. Capital risk management

The Company conducts capital management to ensure continuous operation of the Company while maximizing shareholders' return by optimizing the liability and equity balances through capital increase in cash, bank borrowings and other financing methods adopted for management of the capital.

The Company's capital structure consists of equity (i.e. capital stock, capital reserve, and retained earnings).

The Company is not subject to other external capital requirements.

XXIII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

In the Company's management's opinion, the book values of financial assets and liabilities that are not measured at fair value are approximately equal to their fair values or their fair values cannot be measured reliably.

(II) Type of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets measured at amortized cost (Note 1)	\$ 695,529	\$ 860,000	\$ 919,622
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (Note 2)	151,664	123,857	320,933

Note 1: The balance includes financial assets measured at amortized cost, such as cash, accounts receivable, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, including short-term borrowings, accounts and notes payable, and other payables.

(III) Financial risk management objectives and policies

The Company's main financial instruments include cash, accounts receivable, other receivables, refundable deposits, short-term borrowings, accounts and notes payable and other payables. The financial management department of the Company provides services to all business units, and supervises and manages related financial risks of the operations of the Company through the internal risk report on risk exposure by intensity and scope. Such risks include market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

The main financial risk for the Company's operating activities is the risk of changes in foreign currency exchange rate and interest rates.

(1) Exchange rate risk

The Company is engaged in purchase transactions denominated in foreign currencies, which expose the Company to the risk of exchange rate fluctuation.

The Company manages its foreign exchange positions by opening foreign currency deposit accounts and repaying foreign currency liabilities arising from purchases in foreign currency generated by the timely trading of foreign currency deposits, in order to reduce the impact of exchange rate changes on profit and loss and achieve the effect of natural hedging.

Please refer to Note XXV for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

The Company is mainly affected by fluctuations of the US dollar exchange rate.

The sensitivity analysis includes only outstanding monetary items in foreign currencies, and the translation at the end of the period is adjusted based on a 5% change in exchange rate. The sensitivity analysis of the exchange rate risk is mainly calculated for monetary items denominated in foreign currencies at the end of the financial reporting period. If the NTD depreciated by 5% against each relevant currency, the Company's net income before tax for the three months ended March 31, 2025 and 2024 would have increased by NTD 2,101 thousand and decreased by NTD 21,902 thousand, respectively.

(2) Interest rate risk

The book value of the financial assets exposed to the interest rate risk on the balance sheet date is as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
With fair value			
interest rate risk			
- Financial assets	\$ 180,000	\$ 230,894	\$ 79,744
- Financial liabilities	15,884	20,172	35,001
With cash flow			
interest rate risk			
- Financial assets	325,509	332,410	658,793
- Financial liabilities	-	-	150,000

Sensitivity analysis

The following sensitivity analysis is based on the exposure of the non-derivative instruments to interest rate risk on the balance sheet date. For liabilities and assets subject to floating interest rate, the analysis method is based on the assumption that the amount of the assets and liabilities outstanding on the balance sheet date remains outstanding throughout the reporting period. In addition, based on the assessment of the reasonable and possible range of changes in interest rates, if interest rates increase by 50 basis points, with all other variables held constant, the Company's net profit before tax for the three months ended March 31, 2025 and 2024 would have increased by NTD 407 thousand and NTD 636 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. As of the balance sheet date, the Company's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Company provided was mainly derived from the book value of the financial assets recognized in the individual balance sheet.

The policy adopted by the Company is to conduct transactions only with counterparties with excellent reputation, and the Company has a large customer base that is not related to each other, so the concentration of credit risk is not high. Accordingly, the Company's management believes that the Company has no significant credit risk.

3. Liquidity risk

The Company manages and maintains sufficient cash to fund the operations and thus mitigates the impact of cash flow fluctuations. The Company's management supervises the use of the bank's financing facilities and ensures compliance with the terms of the loan contract to manage the liquidity risk.

The following maturity analysis of non-derivative financial liabilities is prepared based on the agreed repayment date.

March 31, 2025

	<u>Less than 1 year</u>	<u>1 to 5 years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 14,737	\$ 1,282
Accounts and notes payable	79,371	-
Other payables	148,136	-
	<u>\$ 242,244</u>	<u>\$ 1,282</u>

December 31, 2024

	<u>Less than 1 year</u>	<u>1 to 5 years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 19,570	\$ 793
Accounts and notes payable	43,603	-
Other payables	207,503	-
	<u>\$ 270,676</u>	<u>\$ 793</u>

March 31, 2024

	<u>Less than 1 year</u>	<u>1 to 5 years</u>
<u>Non-derivative financial liabilities</u>		
Short-term borrowings	\$ 151,061	\$ -
Lease liabilities	22,057	13,492
Accounts and notes payable	96,153	-
Other payables	132,341	-
	<u>\$ 401,612</u>	<u>\$ 13,492</u>

XXIV. Related party transactions

(I) Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Company</u>
Yi-Chun Chen	Key management person

(II) Remuneration of key management personnel

	<u>January 1 to March 31, 2025</u>	<u>January 1 to March 31, 2024</u>
Short-term employee benefits	\$ 18,474	\$ 17,483
Retirement benefits	129	175
Share-based payment	-	18
	<u>\$ 18,603</u>	<u>\$ 17,676</u>

The remuneration to directors and other management personnel is determined by the Remuneration Committee based on individual performance and market trends.

(III) Endorsements/guarantees

Acquisition of endorsements/guarantees

The related parties provide guarantees for the Company's bank financing facilities as follows:

Type/name of related party	March 31, 2025	December 31, 2024	March 31, 2024
Key management personnel/ Yi-Chun Chen			
Guaranteed amount	<u>\$ 380,000</u>	<u>\$ 380,000</u>	<u>\$ 380,000</u>
Actual amount drawn down	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>

XXV. Information on foreign currency assets and liabilities with significant effect

The following information is summarized and stated based on the foreign currencies other than the Company's functional currency. The disclosed exchange rate represents the rate of such foreign currencies to the functional currency. Foreign currency assets and liabilities with significant effect are as follows:

Unit: foreign currency/NTD thousand

March 31, 2025

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 148	33.205 (USD:NTD)	\$ 4,915
Foreign currency liabilities			
<u>Monetary item</u>			
USD	1,413	33.205 (USD:NTD)	46,927

December 31, 2024

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary item</u>			
USD	\$ 109	32.785 (USD:NTD)	\$ 3,583
Foreign currency liabilities			
<u>Monetary item</u>			
USD	505	32.785 (USD:NTD)	16,572

March 31, 2024

	Foreign currency	Exchange rate		Carrying amount
Foreign currency assets				
<u>Monetary item</u>				
USD	\$ 1,439	32.00	(USD:NTD)	\$ 46,058
JPY	2,165,385	0.2115	(JPY: NTD)	457,979
Foreign currency liabilities				
<u>Monetary item</u>				
USD	2,063	32.00	(USD:NTD)	66,007

The Company's foreign exchange gains (losses), including both realized and unrealized amounts, for the three months ended March 31, 2024 and 2023 were NTD (1,316) thousand and NTD 3,582 thousand, respectively. Due to the wide variety of foreign currency transactions, exchange gains and losses by major currencies with significant impact cannot be disclosed separately.

XXVI. Disclosures in the notes

- (I) Information on significant transactions:
 1. Lending funds to others: None
 2. Providing endorsements/guarantees for others: None
 3. Holding of major securities at the end of the period excluding investment in subsidiaries and joint venture equity in associated companies): None.
 4. Purchases or sales of goods from or to related parties reaching NTD 100 million or more than 20% of paid-in capital: None.
 5. Receivables from related parties reaching NTD 100 million or more than 20% of paid-in capital: None.
- (II) Information on investees: None.
- (III) Information on investment in China: None.

XXVII. Department information

The information is provided for the chief operating decision maker for resource allocation and segment performance assessment and focuses on each type of products delivered or supplied.

The Company is mainly engaged in the management of digital content and video/audio service platforms, establishment and setup of video/audio website, the production of online programs, and digital editing. The reportable segments of the Company are the content department and channel operation department.

(I) Department revenues and operating results

The following is an analysis of the revenue and operating results of the Company's business units by reportable segments.

	Content Business Department	Others	Total
January 1 to March 31, 2025			
Segment revenue	<u>\$ 218,037</u>	<u>\$ 25,990</u>	<u>\$ 244,027</u>
Segment profit/loss	<u>\$ 36,257</u>	<u>\$ 9,805</u>	<u>\$ 46,062</u>
Cost of other departments			(11,993)
Non-operating income and expenses			(608)
Net profit before tax			<u>\$ 33,461</u>
January 1 to March 31, 2024			
Segment revenue	<u>\$ 181,076</u>	<u>\$ 19,750</u>	<u>\$ 200,826</u>
Segment profit/loss	<u>\$ 40,960</u>	<u>\$ 4,320</u>	<u>\$ 45,280</u>
Cost of other departments			(14,478)
Non-operating income and expenses			3,142
Net profit before tax			<u>\$ 33,944</u>

Segment profit refers to the profit earned by each segment, excluding the apportionable headquarters' administrative costs and non-operating income and expenditure. These measured amounts are provided for the chief operating decision maker for resource allocation and segment performance assessment.

- (II) The Company's assets and liabilities are not available to operating decision makers, so the measured amounts of assets and liabilities are not disclosed.