

Innodisk Corporation
Parent Company Only Financial Statements and Independent Auditor's Report
For the Years Ended December 31, 2024 and 2023
(Stock Code: 5289)

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Innodisk Corporation
Parent Company Only Financial Statements and Independent Auditor's Report
For the Year Ended December 31, 2024 and 2023

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Independent Auditor's Report

(114) Tsai-Shen-Bao-Zi No. 24003831

To the Board of Directors of Innodisk Corporation:

Opinions

We have audited the accompanying parent-only balance sheets on December 31, 2024 and 2023 and the parent-only statements of comprehensive income, changes in equity and cash flows from January 1 to December 31, 2024 and 2023, as well as the notes to the parent-company only financial statements (including the summary of significant accounting policies), for Innodisk Corporation.

In our opinion, the parent-company only financial statements referred to above present fairly, in all material respects, the financial position of the Company on December 31, 2024 and 2023, and its financial performance and cash flows from January 1 to December 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We planned and conducted the audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Generally Accepted Auditing Standards 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 Innodisk Corporation in accordance with the 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 the audit of the 2024 parent-only financial statements of Innodisk Corporation. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Innodisk Corporation's 2024 parent-only financial statements are as follows:

Inventory Valuation

Description of Key Audit Matters

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With respect to the accounting policy for inventory valuation, please refer to Note 4 (12) of the parent company only financial statements. For the uncertainty of accounting estimates and assumptions applied in inventory valuation, please refer to Note 5 (2). For the accounting entries of inventory, please refer to Note 6 (5).

Innodisk Corporate mainly manufactures and sells industrial storage devices and memory modules. Due to technological changes and price fluctuation of key raw materials, Innodisk's inventory is measured at the lower of cost and net realizable value and at the same time supplemented by separate identification of the usability of long-term inventory to recognize valuation loss. As the inventory valuation of Innodisk involves subjective judgment and the valuation is material to parent company only financial statements, we consider the inventory valuation as one of the key matters for audit.

How our audit addressed the matter

Our key audit procedures performed in response to the above issue are described as follows:

1. Understand the inventory allowance evaluation and appropriation policy, and confirm the adoption of the appropriation policy for the inventory evaluation loss during the financial statement period.
2. Conduct period-end physical inventory count to identify whether there is any inactive, damaged or unsaleable inventory.
3. Obtain an inventory aging report to conduct inventory aging test. Randomly sample the inventory and confirm inventory transaction records to confirm the classification of aging intervals, so as to evaluate the impact on inventory valuation.
4. Obtain the net realizable value report of each inventory to confirm the calculation logic and test relevant parameters such as source data of sales files and the relevant supporting valuation documents. Recalculate loss in valuation allowance of each item number at the lower of cost and net realizable value.
5. Compare the differences in provisions of inventory allowance for the current period and the most recent year to estimate the valuation loss in inventory allowance.

Existence of Sales Income

Description of Key Audit Matters

For the accounting policy of income recognition, please refer to Note 4 (29) of the parent company only financial statements. For the description of accounting entries of sales income, please refer to Note 6 (19).

Innodisk Corporation is mainly engaged in the research, development, manufacturing and sales of industrial storage devices and memory modules. Due to that product diversification and innovation affect changes to top ten customers sales and the large transactions with top ten customers require much resources in audit, we have listed the existence of sales revenue of the top ten customers as one of the important items for audit.

How our audit addressed the matter

Our key audit procedures performed in response to the above issue are described as follows:

1. Understand the process and basis of sales revenue recognition and cash collection with the top ten customers to evaluate the effectiveness of internal control of sales revenue recognition by the management, and test the effectiveness of internal control with shipping, billing and payment collection.
2. Obtain the evaluation data of the top ten customers, search for relevant information and verify them.
3. Test if the credit conditions for the top ten customers have been properly approved.
4. Sample check the sales details of the top ten customers and verify the related vouchers and status of subsequent payment collection.
5. Obtain details of subsequent sales returns of the top ten customers and examine the status of sales returns.

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

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

In preparing the parent-only financial statements, management is responsible for assessing Innodisk 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 the Company 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 the Innodisk Corporation's financial reporting process.

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

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

financial statements.

As part of an audit conducted in accordance with ROC AS, we exercise professional judgment and professional skepticism throughout the audit. We also conduct the following tasks:

1. Identify and assess the risks of material misstatement of the parent-only 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 Innodisk'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 Innodisk's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Innodisk to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-only 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 appropriate audit evidence regarding the financial information of the entities or business activities within Innodisk to express an opinion on the parent-only financial statements. We are responsible for the direction, supervision and performance of the audit for the parent entity. 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 Innodisk's parent-only financial statements

for 2024 and are therefore the key audit matters. We describe these matters in our auditor's 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.

PricewaterhouseCoopers, Taiwan

Tsui Miao Yeh

Accountant

Chan-Yuan Tu

Previously Securities and Futures Bureau of Financial
Supervisory Commission under Executive Yuan

Approval Number: Jin-Guan-Zheng-Liu-Zi No. 0960058737

Financial Supervisory Commission

Approval number: Jin-Guan-Cheng-Shen-Zi No. 1120348565

February 26, 2025

Innodisk Corporation
Parent Company Only Balance Sheets
For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of NTD

Assets		Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 2,481,740	26	\$ 3,102,318	34
1136	Current financial assets at amortised cost	6 (3)	157,898	2	-	-
1150	Notes receivable, net	6 (4)	902	-	992	-
1170	Accounts receivable, net	6 (4)	846,528	9	971,954	11
1180	Accounts receivable - related parties, net	6 (4) and 7 (2)	519,529	6	417,889	5
1200	Other receivables		3,325	-	2,302	-
1210	Other receivables - related parties	7 (2)	7,458	-	840	-
1220	Current income tax assets	6 (26)	1,397	-	889	-
130X	Inventories	6 (5)	1,410,852	15	1,060,480	12
1410	Prepayments		69,218	1	44,415	-
11XX	Total Current Assets		5,498,847	59	5,602,079	62
Non-Current Assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6 (2)	29,071	-	28,105	-
1535	Financial assets at amortized cost - non-current	6 (3) and 8	10,706	-	10,706	-
1550	Investments accounted for using equity method	6 (6)	565,117	6	536,339	6
1600	Property, plant and equipment	6 (7) and 8	2,480,666	27	2,284,875	26
1755	Right-of-use assets	6 (8)	185,343	2	180,853	2
1760	Investment property, net	6 (10) and 8	448,039	5	233,249	3
1780	Intangible assets		38,023	-	22,595	-
1840	Deferred income tax assets	6 (26)	83,437	1	63,987	1
1920	Refundable deposit		2,543	-	2,307	-
1990	Other non-current assets - others		1,800	-	-	-
15XX	Total Non-Current Assets		3,844,745	41	3,363,016	38
1XXX	Total Assets		\$ 9,343,592	100	\$ 8,965,095	100

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Innodisk Corporation
Parent Company Only Balance Sheets
For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of NTD

Liabilities and Equity			December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current liabilities						
2130	Current contract liabilities	6 (19)	\$ 24,790	1	\$ 16,994	-
2170	Accounts payable		729,070	8	695,939	8
2180	Accounts payable - related parties	7 (2)	2,408	-	188	-
2200	Other payables	6 (11)	455,302	5	443,072	5
2220	Other accounts payable - related parties	7 (2)	20,187	-	9,378	-
2230	Current income tax liabilities	6 (26)	97,671	1	283,011	3
2250	Provisions for liabilities - current	6 (15)	19,801	-	21,486	1
2280	Current lease liabilities		13,204	-	9,712	-
2320	Long-term liabilities - current portion	6 (12)	9,542	-	-	-
2399	Other current liabilities, others		4,846	-	3,903	-
21XX	Total Current Liabilities		1,376,821	15	1,483,683	17
Non-current liabilities						
2540	Long-term loans	6 (12)	219,458	2	229,000	3
2550	Provision for non-current liabilities	6 (15)	42,437	1	36,825	-
2570	Deferred income tax liabilities	6 (26)	3,914	-	-	-
2580	Lease liabilities - non-current		177,047	2	175,199	2
2645	Guarantee deposit received		4,297	-	3,471	-
2670	Other non-current liabilities, others	6 (6)	28,475	-	-	-
25XX	Total Non-Current Liabilities		475,628	5	444,495	5
2XXX	Total liabilities		1,852,449	20	1,928,178	22
Total equity						
	Share capital	6 (16)				
3110	Share capital - common stock		914,561	10	883,977	10
	Capital surplus	6 (17)				
3200	Capital surplus		1,654,047	18	1,416,781	15
	Retained earnings	6 (18)				
3310	Legal reserve		1,066,612	11	951,850	11
3320	Special reserve		-	-	924	-
3350	Unappropriated retained earnings		3,847,894	41	3,774,896	42
	Other equity interests					
3400	Other equity interests		8,029	-	8,489	-
3XXX	Total Equity		7,491,143	80	7,036,917	78
	Material contingent liabilities and unrecognized contractual commitments	9				
	Significant subsequent events	11				
3X2X	Total Liabilities and Equity		\$ 9,343,592	100	\$ 8,965,095	100

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman:Chien, Chuan-Sheng

Management Officer:Chien, Chuan-Sheng

Principal Accounting Officer: Hsiao, Wen-Kui

Innodisk Corporation
Parent Company Only Statement of Comprehensive Income
For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of NTD (except for earnings per share)

Item	Note	2024		2023	
		Amount	%	Amount	%
4000 Operating revenue	6 (19) and 7(2)	\$ 8,030,236	100	\$ 7,486,437	100
5000 Operating costs	6 (5) and 7 (2)	(5,626,652)	(70)	(5,011,930)	(67)
5900 Gross profit		2,403,584	30	2,474,507	33
5910 Unrealized gain on sales		(12,789)	-	(8,573)	-
5920 Realized gain on sales		8,573	-	7,095	-
5950 Gross profit from operations		2,399,368	30	2,473,029	33
Operating expenses	6(24) and 7(2)				
6100 Selling expenses		(474,603)	(6)	(425,803)	(6)
6200 General and administrative expenses		(307,705)	(4)	(308,464)	(4)
6300 Research and development expenses		(411,974)	(5)	(329,843)	(4)
6450 Expected credit impairment gains and losses	12 (2)	38	-	21,935	-
6000 Total operating expenses		(1,194,244)	(15)	(1,042,175)	(14)
6900 Operating profit		1,205,124	15	1,430,854	19
Non-operating income and expenses					
7100 Interest income	6 (20)	33,944	1	35,262	1
7010 Other income	6(21) and 7(2)	36,752	1	29,333	-
7020 Other gains and losses	6 (22)	112,697	1	3,634	-
7050 Financing cost	6 (23)	(5,367)	-	(3,551)	-
7070 Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6 (6)	(59,273)	(1)	(62,631)	(1)
7000 Total non-operating income and expenses		118,753	2	2,047	-
7900 Profit before income tax		1,323,877	17	1,432,901	19
7950 Income tax expense	6 (26)	(217,705)	(3)	(285,285)	(4)
8200 Net income for the period		\$ 1,106,172	14	\$ 1,147,616	15
Other comprehensive income (net)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealized gains or losses of equity instruments measured at fair value through other comprehensive income		\$ 966	-	\$ 266	-
Items that may be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements		(1,426)	-	9,147	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		(1,426)	-	9,147	-
8300 Other comprehensive income (net)		(\$ 460)	-	\$ 9,413	-
8500 Total comprehensive income for the year		\$ 1,105,712	14	\$ 1,157,029	15
Basic earnings per share					
9750 Net income for the period		\$ 12.20		\$ 12.73	
Diluted earnings per share					
9850 Net income for the period		\$ 12.02		\$ 12.49	

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman:Chien, Chuan-Sheng

Management Officer:Chien, Chuan-Sheng

Principal Accounting Officer: Hsiao, Wen-Kui

Innodisk Corporation
Parent Company Only Statement of Changes in Equity
For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of NTD

		Retained earnings				Other equity interests			
	Note	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized appraisal gains and losses of financial assets measured at fair value through other comprehensive income	Total equity
2023									
Balance as of January 1, 2023		\$ 865,531	\$ 1,356,462	\$ 766,831	\$ 13,147	\$ 4,011,820	\$ 1,207	(\$ 2,131)	\$ 7,012,867
Net income for the year		-	-	-	-	1,147,616	-	-	1,147,616
Other comprehensive profit and loss for the year		-	-	-	-	-	9,147	266	9,413
Total comprehensive profit and loss for the year		-	-	-	-	1,147,616	9,147	266	1,157,029
Appropriation and distribution of 2022 earnings	6 (18)								
Legal reserve		-	-	185,019	-	(185,019)	-	-	-
Special reserve		-	-	-	(12,223)	12,223	-	-	-
Stock dividends		17,311	-	-	-	(17,311)	-	-	-
Cash dividends		-	-	-	-	(1,194,433)	-	-	(1,194,433)
Share-based payment	6 (14)	-	48,121	-	-	-	-	-	48,121
Changes in net value of equities of associates and joint ventures recognized by using the equity method		-	2,994	-	-	-	-	-	2,994
Employees exercise options	6 (16)	1,135	8,104	-	-	-	-	-	9,239
Share-based remuneration for employees of subsidiaries		-	580	-	-	-	-	-	580
Exercise right of disgorgement		-	520	-	-	-	-	-	520
Balance as of December 31, 2023		\$ 883,977	\$ 1,416,781	\$ 951,850	\$ 924	\$ 3,774,896	\$ 10,354	(\$ 1,865)	\$ 7,036,917
2024									
Balance on January 1, 2024		\$ 883,977	\$ 1,416,781	\$ 951,850	\$ 924	\$ 3,774,896	\$ 10,354	(\$ 1,865)	\$ 7,036,917
Net income for the year		-	-	-	-	1,106,172	-	-	1,106,172
Other comprehensive profit and loss for the year		-	-	-	-	-	(1,426)	966	(460)
Total comprehensive profit and loss for the year		-	-	-	-	1,106,172	(1,426)	966	1,105,712
Appropriation and distribution of retained earnings for 2023	6 (18)								
Legal reserve		-	-	114,762	-	(114,762)	-	-	-
Special reserve		-	-	-	(924)	924	-	-	-
Stock dividends		17,680	-	-	-	(17,680)	-	-	-
Cash dividends		-	-	-	-	(901,656)	-	-	(901,656)
Share-based payment	6 (14)	-	36,468	-	-	-	-	-	36,468
Employees exercise options	6 (16)	12,904	178,788	-	-	-	-	-	191,692
Changes in shareholders' equity in subsidiaries not recognized proportionately to ownership		-	22,010	-	-	-	-	-	22,010
Balance as of December 31, 2024		\$ 914,561	\$ 1,654,047	\$ 1,066,612	\$ -	\$ 3,847,894	\$ 8,928	(\$ 899)	\$ 7,491,143

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman: Chien, Chuan-Sheng

Management Officer: Chien, Chuan-Sheng

Principal Accounting Officer: Hsiao, Wen-Kui

Innodisk Corporation
Parent Company Only Statement of Cash Flows
For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of NTD

	Note	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash flows from operating activities</u>			
Net profit before tax for the period		\$ 1,323,877	\$ 1,432,901
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charges on property, plant and equipment	6 (24)	105,875	99,613
Depreciation expenses for right-of-use assets	6 (24)	12,449	9,899
Amortization on intangible assets and deferred assets	6 (24)	23,136	18,482
Depreciation expenses of real estate investment	6 (22)	5,366	2,964
Expected loss (gain) on credit impairment	12 (2)	(38)	(21,935)
Recovered gain or loss on falling prices of inventory	6 (5)	30,179	(59,746)
Losses on scrapping of inventory	6 (5)	17,731	18,768
Profit and loss of subsidiaries, associates and joint ventures recognized using equity method	6 (6)	59,273	62,631
Interest expense	6 (23)	5,367	3,551
Interest income	6 (20)	(33,944)	(35,262)
Dividend income	6 (21)	(1,349)	(1,127)
Share-based compensation costs	6 (14)	36,468	48,121
Unrealized gain on sales		12,789	8,573
Realized gain on sales		(8,573)	(7,097)
Changes in operating assets and liabilities			
Net change in assets related to operating activities			
Notes receivable, net		90	1,573
Accounts receivable, net		125,464	151,005
Accounts receivable due from related parties, net		(101,640)	(194,135)
Other receivables		(1,403)	(92)
Other receivables - related parties		(6,618)	(32)
Inventories		(398,282)	29,145
Prepayments		(24,259)	(3,176)
Net change in liabilities related to operating activities			
Current contract liabilities		7,796	(18,863)
Accounts payable		33,131	20,497
Accounts payable -- Related parties		2,220	123
Other payables		18,970	(48,153)
Other payables -- Related parties		10,809	1,086
Provisions for liabilities -- current		(1,685)	5,200
Provisions for non-current liabilities		5,612	(15,178)
Other current liabilities		943	576
Cash flow from operating activities		1,259,754	1,509,912
Interest received		34,324	34,815
Dividends received		1,349	1,127
Income tax paid		(419,089)	(192,022)
Net cash flow from operating activities		876,338	1,353,832

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Innodisk Corporation
Parent Company Only Statement of Cash Flows
For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of NTD

	Note	January 1 to December 31, 2024	January 1 to December 31, 2023
<u>Cash flow from investing activities</u>			
Increase in current financial assets at amortized cost		(\$ 157,898)	\$ -
Long-term investments accounted for using equity method	6 (6)	(43,208)	(26,861)
Acquisition of property, plant and equipment	6 (28)	(308,956)	(669,345)
Acquisition of intangible assets		(38,564)	(15,778)
Acquisition of investment property	6 (10)	(220,156)	-
Refundable deposits (increase)		(400)	(991)
Decrease in refundable deposits		164	66
Other non-current assets -- Other decreases (increases)		(1,800)	-
Net cash used in investing activities		(770,818)	(712,909)
<u>Cash flow from financing activities</u>			
Proceeds from long-term debt	6 (29)	-	229,000
Repayment of long-term borrowings	6 (29)	-	(180,000)
Increase in guarantee deposits received	6 (29)	3,270	1,692
Decrease in guarantee deposit	6 (29)	(2,444)	(6)
Cash dividends paid	6 (29)	(901,656)	(1,194,433)
Employees exercise options		191,692	9,239
Interest paid		(5,361)	(3,607)
Payment of lease liabilities	6 (29)	(11,599)	(9,026)
Exercise right of disgorgement		-	520
Net cash used in financing activities		(726,098)	(1,146,621)
Decrease in cash and cash equivalents in the current period		(620,578)	(505,698)
Beginning cash and cash equivalents		3,102,318	3,608,016
Ending cash and cash equivalents		\$ 2,481,740	\$ 3,102,318

The accompanying notes are an integral part of the individual financial statements; please review them together.

Chairman:Chien, Chuan-Sheng

Management Officer:Chien, Chuan-Sheng

Principal Accounting Officer: Hsiao, Wen-Kui

Innodisk Corporation
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2024 and 2023

Expressed in Thousands of NTD (unless otherwise specified)

I. Company History

- (I) Innodisk Corporation (hereinafter referred to as the "Company") was established in March 2005. The Company mainly engages in the research, development, manufacturing and sales of various types of industrial embedded storage devices.
- (II) The Company passed the review by the Taipei Exchange (TPEX) in October, 2013 and became officially listed on the TPEX on November 27, 2013.

II. Date and Procedures for Approving the Financial Report

- II. The accompanying parent-only financial reports were approved and authorized for issuance by the Board of Directors on February 26, 2025.

III. Application of Newly Released and Amended Standards and Interpretations

- (I) The impact of adopting the new and amended International Financial Reporting Standards recognized and issued by the Financial Supervisory Commission (FSC)

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized and released by the Financial Supervisory Commission in 2024:

Newly released / corrected / amended standards and interpretations	Effective Date announced by IASB
Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities With Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

The Company assesses that the adoption of aforementioned standards and interpretations will not have a significant impact on the parent-only financial position and performance.

- (II) Impact of new and amended IFRS recognized by the FSC but not yet adopted by the Company

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2025:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by IASB
Amendment to IAS 21 -- "Lack of Exchangeability"	January 1, 2025

The Company assesses that the adoption of aforementioned standards and interpretations will not have a significant impact on the parent-only financial position and performance.

- (III) Impact of IFRSs issued by IASB but not yet recognized by the FSC

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

Newly released / corrected / amended standards and interpretations	Effective Date Issued by the IASB
Amendment to IFRS No. 9 and IFRS No. 7 "Amendment to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendment to IFRS No. 9 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendment to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by the IASB.
IFRS 17 - "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 - "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 -- Initial application of IFRS 17 and IFRS 9 - Comparative information "	January 1, 2023
IFRS No. 18 "Presentation and Disclosures of Financial Statements"	January 1, 2027
IFRS No. 19 "Subsidiaries not with Public Accountability: Disclosures"	January 1, 2027
Annual Improvements of IFRS - Volume 11	January 1, 2026

Except for the following, the Group has assessed that the standards and interpretations above have no significant impact on the Group's financial position and financial performance, and the amount of the relevant impact will be disclosed when the assessment is completed:

IFRS No. 18 "Presentation and Disclosures of Financial Statements"

IFRS No. 18 "Financial Statement Presentation and Disclosure" supersedes IAS No. 1 and updates the structure of the comprehensive income statement, adds the disclosure of management performance measurement, and strengthens the application in the summary and principle of subdivision of the main financial statements and notes.

IV. Summary of significant accounting policies

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

(I) Compliance statement

These parent-only financial statements of the Company have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

(II) Basis of preparation

1. The parent-only financial report has been prepared on the historical cost convention, except for financial assets at fair value through other comprehensive income.
2. The preparation of the financial report in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent-only financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the parent-only financial report of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency and reporting currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using spot

exchange rate on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the current period.

- (2) Monetary assets and liabilities denominated in foreign currencies at period end are re-translated using the spot exchange rate on the balance sheet date. Exchange differences arising from re-translation on the balance sheet date are recognized in profit or loss in the current period.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated using the spot exchange rate on the balance sheet date, and the translation differences are recognized in profit or loss in the current period. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated using the spot exchange on the balance sheet date, and their translation differences are recognized in other comprehensive income. For those which are not measured at fair value, they are measured at the historical exchange rate on the initial transaction date.
- (4) All foreign exchange gains and losses are presented in the parent-only statement of comprehensive income within "Other gains and losses".

2. Translation of foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet.
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.
- (3) All resulting exchange differences are recognized in other comprehensive income.

(IV) Classification of current and non-current items

1. Assets that meet any of the following criteria are classified as current assets:

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

The Company classifies all assets that do not meet the above criteria as non-current.

2. Liabilities that meet any of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be paid off within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Liabilities that are to be paid off within twelve months from the balance sheet date.
- (4) Those without the right to defer the settlement of liabilities for at least twelve months after the reporting period.

The Company classifies all liabilities that do not meet the above criteria as non-current.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through other comprehensive income

1. They refer to an irrevocable choice at the time of initial recognition to report in other comprehensive income the fair value changes of equity investments that are not held for trading.
2. The Company adopts transaction-date accounting for financial assets measured at fair value through other comprehensive income in accordance with the transaction practice.
3. The Company measures assets at the fair value plus transaction cost at the time of initial recognition, and subsequently measures at the fair value; changes in the fair value of equity instruments are recognized in other comprehensive income. At derecognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profits and losses but transferred to retained earnings. When the right to receive dividends is established, the economic benefits associated with the dividends are likely to flow in, and the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(VII) Financial assets measured at amortized cost

1. They refer to those that meet the following criteria at the same time:
 - (1) The financial assets are held under the business model of collecting contractual cash flows.
 - (2) The financial assets' contractual cash flows on specific dates are solely for payments of the principal and the interest of outstanding principal.
2. The Company adopts transaction-date accounting for financial assets measured at amortized cost which meet the regular transaction practice requirements.
3. The Company measures financial assets at fair value plus transaction costs in the initial recognition. The financial assets are subsequently amortized by the effective interest rate during the circulation to recognize interest income and impairment loss. The profits or losses are recognized in the profit and loss when the assets are de-recognized.
4. The Company holds time deposits that are not considered cash equivalents. Due to the short holding period, the impact of discounting is insignificant and is measured by the amount of investment.

(VIII) Accounts and notes receivable

1. They refer to accounts and receipts that have the unconditional right to receive the amount of consideration obtained from the transfer of goods or services based on the contract.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

Regarding the financial assets measured at amortized cost, the Company considers all reasonable and supportable information (including forward-looking ones) and measure the loss allowance based on the 12-month expected credit losses for those that do not have their credit risk increased significantly since initial recognition. For those that have increased significantly

since initial recognition, the loss allowance is measured based on the full lifetime expected credit losses. A loss allowance for full lifetime expected credit losses is also required for trade receivables that do not constitute a financing transaction.

(X) De-recognition of financial assets

A financial asset is de-recognized when the Company's rights to receive cash flows from the financial assets have expired.

(XI) Lessor's lease transaction -- Operating lease

Lease income from operating leases, less any incentives given to the lessee, is amortized in current profit or loss on a straight-line basis over the lease term.

(XII) Inventories

Inventories are measured at the lower of cost or net realizable value, and the cost is determined by weighted-average method. The cost of finished goods and work-in-progress comprises raw materials, direct labor, other direct costs and related production overheads, but excludes borrowing costs. At the end of year, inventories are evaluated at the lower of cost or net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost needed for completion and estimated cost needed to complete the sale.

(XIII) Investments/subsidiaries and associates accounted for using equity method

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized gains or losses on transactions between Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognized the share of profit and loss upon the acquisition of subsidiaries as the current profit and loss. The share of other comprehensive income after the acquisition are recognized as other comprehensive income. If the Company's recognized profit and loss of the subsidiaries equal to or exceed the equity in the subsidiaries, the Company will continue to recognize the loss in proportion to its shareholding.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions, and they are considered transactions with owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is directly recognized in equity.
5. Associates refer to entities over which the Company has significant influence but is not in control. In general, the associates may have more than 20% of their voting shares directly or indirectly owned by the Company. The Company accounts for its investment in associates using the equity method, and the investment is initially recognized at cost.
6. The Company recognizes the share of profit and loss upon the acquisition of associates as the current profit and loss. The share of other comprehensive income after the acquisition are recognized as other comprehensive income. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company will not recognize further losses, unless it has incurred legal or constructive obligations or make payments on behalf of the associate.
7. If an associate has changes in equity not related to profit or loss or other comprehensive

income, and such changes do not affect the Company's shareholding in the associate, the Company will recognize all changes in equity as "capital surplus" in proportion to its ownership.

8. Unrealized gains on transactions between the Company and associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
9. In the event that an associate issues new shares and the Company does not subscribe to or acquire the new shares in proportion, which results in a change to the Company's shareholding percentage but the Company maintains a significant influence on the associate, the increase or decrease of the Company's share of equity interest is the adjustment of "capital surplus" and "investments accounted for using equity method". If the investment percentage is reduced, in addition to the above adjustments, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionally on the same basis as would be required if the relevant assets or liabilities were disposed of.
10. When the Company loses its significant influence over an associate, the remaining investment in the said associate is re-measured at fair value, and the difference between the fair value and the book value is recognized as profit or loss in the current period.
11. When the Company disposes of an associate, and loses its significant influence over the associate, all amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses significant influence of an associate, all gains or losses previously recognized in other comprehensive income in relation to the associate should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. If there is still significant influence over the associate, only the amount previously recognized in other comprehensive income will be transferred out in the abovementioned manner.
12. Pursuant to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss during the period and other comprehensive income presented in the parent-only financial reports shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to the owners of the parent company presented in the financial reports prepared on a consolidated basis and the owners' equity presented in the parent-only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant and equipment are initially recognized at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Other than land which is not depreciated, for other property, plant and equipment, the cost model is applied and the straight-line method is used for the depreciation based on their estimated useful lives. If the components of property, plant, and equipment are significant,

they are depreciated separately.

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

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

Buildings and structures	2 years to 50 years
Machinery and equipment	1 year to 8 years
Office equipment	2 year to 6 years
Others	1 year to 6 years

(XV) Leasing agreements (lessee) -- Right-of-use assets/lease liabilities

1. Leases are recognized as right-of-use assets and lease liabilities at the date at which the leased assets are available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as expenses on a straight-line basis over the lease term.
2. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payments, less any lease incentives receivables.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of re-measurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

3. Right-of-use assets are recognized at cost on the commencement date, and the cost refers to the amount of initial measurement of the lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's service life or the end of lease term. When the lease liability is remeasured, the amount of re-measurement is recognized as an adjustment to the right-of-use asset.

4. For lease modifications that reduce the scope of the lease, the lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between this amount and the re-measurement amount of the lease liability in profit or loss.

(XVI) Investment property

Investment properties are initially measured at cost, and may be subsequently measured using a cost model. Other than land, the depreciation is recognized on a straight-line basis with a service life between 18 and 41 years.

(XVII) Intangible assets

Computer and software recognized by the acquisition cost, and is amortized on a straight-line basis with an estimated service life of 1 to 8 years.

(XVIII) Impairment of non-financial assets

The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than the book value, the

impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less disposal cost or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Borrowings

Refers to long- and short-term funds borrowed from banks. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XX) Accounts and notes payable

1. Refers to debts incurred as a result of the purchase of raw materials, goods or services, and notes payable due to business and non-business purposes.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXI) De-recognition of financial liabilities

The Company de-recognizes financial liabilities when the obligations specified in the contract are fulfilled, canceled or expired.

(XXII) Offset between financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIII) Provision for liabilities

Liability reserve (which is for warranty) is a present statutory or deferred obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(XXIV) Employee benefits

1. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.
2. Pension
For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as assets to the extent of a cash refund or a reduction in future payments.
3. Remuneration for employees and directors
Remunerations for employees and directors are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares

based on the closing price at the previous day of the board meeting resolution.

(XXV) Employee share-based payments

The share-based payment agreement for delivery of equity is a transaction in which employees' labor service received as consideration for the Company's equity instrument at fair value, and it is recognized as compensation costs during the vesting period, and the equity is adjusted accordingly. The fair value of equity instrument shall reflect the effects of vesting and non-vesting conditions of market value. The recognized remuneration costs are adjusted in accordance with the expected service conditions to be met and the non-vesting market value conditions, until the final recognized amount is recognized with the vesting amount on the vesting date.

(XXVI) Income tax

1. Income tax expense includes current and deferred income taxes for the current period. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized using the balance sheet liability method, and the temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet are recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. When there is a legal enforcement right to offset the recognized amount of current income tax assets and liabilities against each other, and there is an intention to settle or simultaneously realize the assets and liabilities on a net basis, the current income tax assets and current income tax liabilities shall offset each other. When there is a legal enforcement right to offset current income tax assets and current income tax liabilities, and deferred income tax assets and liabilities are generated by the same taxpayer or a different taxpayer with the income tax levied by the same tax authority, but each entity intends to settle the assets and liabilities on a net basis or simultaneously realize the assets and liabilities, deferred income tax assets and liabilities are offset against each other.

(XXVII) Capital

Common stocks are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(XXVIII) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as dividends to be distributed and transferred to be common stocks on the record date of issuance of new shares.

(XXIX) Revenue recognition

1. Our Company develops, manufactures and sells various products related to industrial storage devices and memory modules. Sales revenue is recognized when the control of products is transferred to customers. That is, once products are delivered to customers, the customers have discretion on the channel and price of product sales, and the Company has no outstanding performance obligations that may affect customers' acceptance of the products. The delivery of products occurs when products are shipped to a designated location and the risk of obsolescence and loss has been transferred to customers, and the customers accept the products in accordance with the sales contract or have objective evidence that all criteria have been met.
2. The payment terms of sales transactions are usually payment in advance or net 30 to 90. With respect to the contracts signed between the Company and customers, the time interval between the transfer products or services promised to customers and the customers' payment has not exceeded one year, so the Company has not adjusted the transaction price to reflect the time value of money.
3. Sales revenue is recognized as the net after subtracting sales discounts from the contract price. The Company estimates possible sales discounts based on past experience and different contract conditions, and recognizes the refund liabilities accordingly.
4. The Company provides warranty for products sold, and has the obligation to repair product defects, which are recognized as liability provisions when goods are sold.
5. Accounts receivable is recognized when goods are delivered to customers. The Company has unconditional rights to the contract price, and will be able to collect the amount from the customers after the time has passed.

(XXX) Government subsidies

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and that the grant will be received. If the nature of government grants is to compensate the Company for expenses incurred, the government grants are recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

The preparation of these parent company only financial statements requires the management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please see the following explanation of critical accounting judgments and key sources of estimation and uncertainty:

(I) Critical judgments adopted by the accounting policies

The critical judgments adopted in the Company's accounting policies have been assessed to be free from significant uncertainty.

(II) Critical accounting estimates and assumptions

Inventory Valuation

During the inventory valuation, the Company needs to use judgment to evaluate the wear and tear, obsolescence and market sales value of the inventory to estimate the net realizable value, and write down the inventory cost to the net realizable value. Technological changes, environmental changes and sales conditions will change the inventory value, further affecting its valuation.

For the book value of the Group's inventories as of December 31, 2024 is detailed in Note 6(5).

VI. Statements of Main Accounting Items

(I) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash:		
Cash on hand and working capital	\$ 676	\$ 709
Checking accounts and demand deposits	1,390,564	1,516,109
Cash equivalents:		
Time deposits	1,090,500	1,585,500
	<u>\$ 2,481,740</u>	<u>\$ 3,102,318</u>

1. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has transferred restricted bank deposits to financial assets measured at amortized cost - non-current. Please refer to Note 8 for details.

(II) Financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Non-current items:		
Equity instruments		
Domestic listed stocks - Preferred stocks	\$ 29,970	\$ 29,970
Valuation adjustment	(899)	(1,865)
	<u>\$ 29,071</u>	<u>\$ 28,105</u>

1. The Company chooses to classify equity instruments that are strategic investments as financial assets measured at fair value through other comprehensive income.
2. Financial assets at fair value through other comprehensive income recognized in comprehensive income are detailed in the parent-only statement of comprehensive income.
3. The Company has no financial assets at fair value through profit or loss pledged to others.
4. Please refer to Note 12(3) for relevant fair value information.

(III) Financial assets measured at amortized cost

	December 31, 2024	December 31, 2023
Current items:		
Time deposits due in three months to one year	<u>\$ 157,898</u>	<u>\$ -</u>
Non-current items:		
Pledged time deposits	<u>\$ 10,706</u>	<u>\$ 10,706</u>

1. Please refer to Note 6(20) for the recognized interest income from financial assets measured

at amortized cost.

- Please refer to Note 8 for the Company's provision of financial assets at amortized cost as pledged collateral.

(IV) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 902	\$ 992
Less: Loss allowance	-	-
	<u>\$ 902</u>	<u>\$ 992</u>
Accounts receivable	\$ 846,792	\$ 972,256
Account receivable - Related parties	519,529	417,889
	<u>1,366,321</u>	<u>1,390,145</u>
Less: Loss allowance	(264)	(302)
	<u><u>\$ 1,366,057</u></u>	<u><u>\$ 1,389,843</u></u>

- For the aging analysis and the related credit risk information on notes and accounts receivable, please refer to Note 12(2).
- Both notes and accounts receivable were both from customer contracts as of December 31, 2024 and 2023, and both the balances of notes and accounts receivable as of January 1, 2023 were NT\$1,349,580.
- The Company does not hold any collateral for the aforementioned notes and accounts receivable.

(V) Inventories

	December 31, 2024		
	Cost	Loss allowance for falling prices	Book value
Raw materials	\$ 1,095,052	(\$ 161,343)	\$ 933,709
Work in process	285,469	(21,204)	264,265
Finished goods	237,470	(25,218)	212,252
Merchandise	1,375	(749)	626
	<u>\$ 1,619,366</u>	<u>(\$ 208,514)</u>	<u>\$ 1,410,852</u>

	December 31, 2023		
	Cost	Loss allowance for falling prices	Book value
Raw materials	\$ 847,523	(\$ 142,621)	\$ 704,902
Work in process	208,416	(16,004)	192,412
Finished goods	182,260	(19,169)	163,091
Merchandise	616	(541)	75
	<u>\$ 1,238,815</u>	<u>(\$ 178,335)</u>	<u>\$ 1,060,480</u>

- None of the above inventories are provided with pledged collaterals.
- The cost of inventories recognized as losses by the Company:

	2024	2023
Cost of inventory sold	\$ 5,562,279	\$ 5,037,225
Loss on falling prices of inventory (price recovery gain)	30,179	(59,746)
Loss on scrapping of inventory	17,731	18,768
Others	16,463	15,683
	<u><u>\$ 5,626,652</u></u>	<u><u>\$ 5,011,930</u></u>

The Company has provisioned the depreciated and sluggish inventories for closeout, so the loss on depreciation allowance was reduced, which resulted in recovered gains.

(VI) Investments accounted for using equity method

	December 31, 2024		December 31, 2023	
(1) Recognized asset subjects		Sharehol		ding ratio
Subsidiaries:	Amount	ding ratio	Amount	
Innodisk USA Corporation	\$ 60,454	100%	\$ 103,027	100%
Innodisk Japan Corporation	12,336	100%	11,024	100%
Innodisk Europe B.V.	58,450	100%	49,133	100%
Innodisk Global-M Corporation	-	-	6,525	100%
Antzer Tech Co., Ltd.	36,969	100%	30,819	100%
Aetina Corporation	361,322	67.06%	297,277	73.67%
	<u>529,531</u>		<u>497,805</u>	
Affiliates:				
Millitronic Co., Ltd.	23,931	32.16%	26,256	32.16%
Sysinno Technology Inc.	11,655	42.95%	12,278	42.95%
	<u>35,586</u>		<u>38,534</u>	
	<u>\$ 565,117</u>		<u>\$ 536,339</u>	

(2) Recognized liability subjects (other non-current liabilities, others)

Subsidiaries:

Innodisk Global-M Corporation	(\$ 28,475)	100%	\$ -	-
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Note: In 2024 and 2023, the Company's share of profit and loss from subsidiaries and affiliates recognized using the equity method was (NT\$59,273) and (NT\$62,631) respectively, based on the financial statements audited by the Company's independent auditors.

1. Subsidiaries

- (1) For information on the Company's subsidiaries, please refer to Note 4(3) of the 2024 consolidated financial statements.
- (2) Sysinno Technology Inc. increased its capital by NT\$138,000 in cash on September 5, 2024; the Company participated in the capital increase with NT\$43,208 and acquired 1,878,263 shares, resulting in a decrease in our shareholding ratio to 67.06%.

2. Affiliates:

- (1) Sysinno Technology Inc. increased its capital by NT\$17,500 in cash on March 21, 2023; the Company participated in the capital increase with NT\$7,500 and acquired 300,000 shares, resulting in a decrease in our shareholding ratio to 42.95%.
- (2) Millitronic Co., Ltd. increased its capital by cash of NT\$70,000 on December 19, 2023. The Company participated in the capital increase with NT\$19,361 and acquired 1,382,944 shares, so the Company's shareholding decreased from 33.55% to 32.16%. The difference from the net worth of equity is increased by NT\$2,994 for "capital surplus" and "investment using equity method", respectively.
- (3) As of December 31, 2024 and 2023, the Company had no significant affiliates, and the aggregate book values of separate non-significant affiliates were NT\$35,586 and NT\$38,534, respectively. Their operating results are summarized as follows:

	2024	2023
Net loss from continuing operation	(\$ 2,948)	(\$ 4,274)
Other comprehensive income or loss (net)	-	-
Total comprehensive profit and loss for the year	<u>(\$ 2,948)</u>	<u>(\$ 4,274)</u>

(4) None of the affiliates have open market quotes, so there is no information on fair value.

(blank below)

(VII) Property, plant and equipment

2024

	Land			Buildings and structures			Machinery and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total
	For self use	For lease	Subtotal	For self use	For lease	Subtotal	For self use	For self use	For self use	For self use	
<u>January 1, 2024</u>											
Cost	\$ 621,705	\$ 213,475	\$ 835,180	\$ 827,792	\$ 109,359	\$ 937,151	\$ 341,419	\$ 65,774	\$ 446,960	\$ 112,954	\$ 2,739,438
Accumulated depreciation and impairments	-	-	-	(117,403)	(1,356)	(118,759)	(231,376)	(42,347)	-	(62,081)	(454,563)
	<u>\$ 621,705</u>	<u>\$ 213,475</u>	<u>\$ 835,180</u>	<u>\$ 710,389</u>	<u>\$ 108,003</u>	<u>\$ 818,392</u>	<u>\$ 110,043</u>	<u>\$ 23,427</u>	<u>\$ 446,960</u>	<u>\$ 50,873</u>	<u>\$ 2,284,875</u>
<u>2024</u>											
January 1	\$ 621,705	\$ 213,475	\$ 835,180	\$ 710,389	\$ 108,003	\$ 818,392	\$ 110,043	\$ 23,427	\$ 446,960	\$ 50,873	\$ 2,284,875
Addition	-	-	-	185,368	-	185,368	23,783	41,438	32,849	18,772	302,210
Reclassification	-	-	-	436,186	-	436,186	6,024	3,044	(446,960)	1,162	(544)
Depreciation expense	-	-	-	(30,141)	(2,711)	(32,852)	(37,442)	(20,301)	-	(15,280)	(105,875)
December 31	<u>\$ 621,705</u>	<u>\$ 213,475</u>	<u>\$ 835,180</u>	<u>\$ 1,301,802</u>	<u>\$ 105,292</u>	<u>\$ 1,407,094</u>	<u>\$ 102,408</u>	<u>\$ 47,608</u>	<u>\$ 32,849</u>	<u>\$ 55,527</u>	<u>\$ 2,480,666</u>
<u>December 31, 2024</u>											
Cost	\$ 621,705	\$ 213,475	\$ 835,180	\$ 1,447,126	\$ 109,359	\$ 1,556,485	\$ 371,226	\$ 100,563	\$ 32,849	\$ 131,392	\$ 3,027,695
Accumulated depreciation and impairments	-	-	-	(145,324)	(4,067)	(149,391)	(268,818)	(52,955)	-	(75,865)	(547,029)
	<u>\$ 621,705</u>	<u>\$ 213,475</u>	<u>\$ 835,180</u>	<u>\$ 1,301,802</u>	<u>\$ 105,292</u>	<u>\$ 1,407,094</u>	<u>\$ 102,408</u>	<u>\$ 47,608</u>	<u>\$ 32,849</u>	<u>\$ 55,527</u>	<u>\$ 2,480,666</u>

2023

	Land			Buildings and structures			Machinery and equipment	Office equipment	Unfinished construction and equipment pending acceptance	Others	Total
	For self use	For lease	Subtotal	For self use	For lease	Subtotal	For self use	For self use	For self use	For self use	
<u>January 1, 2023</u>											
Cost	\$ 621,705	\$ -	\$ 621,705	\$ 831,606	\$ -	\$ 831,606	\$ 323,496	\$ 62,831	\$ 212,957	\$ 88,169	\$ 2,140,764
Accumulated depreciation and impairments	-	-	-	(109,072)	-	(109,072)	(190,657)	(38,736)	-	(51,121)	(389,586)
	<u>\$ 621,705</u>	<u>\$ -</u>	<u>\$ 621,705</u>	<u>\$ 722,534</u>	<u>\$ -</u>	<u>\$ 722,534</u>	<u>\$ 132,839</u>	<u>\$ 24,095</u>	<u>\$ 212,957</u>	<u>\$ 37,048</u>	<u>\$ 1,751,178</u>
<u>2023</u>											
January 1	\$ 621,705	\$ -	\$ 621,705	\$ 722,534	\$ -	\$ 722,534	\$ 132,839	\$ 24,095	\$ 212,957	\$ 37,048	\$ 1,751,178
Addition	-	213,475	213,475	14,452	109,359	123,811	15,291	18,411	239,260	23,062	633,310
Reclassification	-	-	-	-	-	-	2,632	-	(5,257)	2,625	-
Depreciation expense	-	-	-	(26,597)	(1,356)	(27,953)	(40,719)	(19,079)	-	(11,862)	(99,613)
December 31	<u>\$ 621,705</u>	<u>\$ 213,475</u>	<u>\$ 835,180</u>	<u>\$ 710,389</u>	<u>\$ 108,003</u>	<u>\$ 818,392</u>	<u>\$ 110,043</u>	<u>\$ 23,427</u>	<u>\$ 446,960</u>	<u>\$ 50,873</u>	<u>\$ 2,284,875</u>
<u>December 31, 2023</u>											
Cost	\$ 621,705	\$ 213,475	\$ 835,180	\$ 827,792	\$ 109,359	\$ 937,151	\$ 341,419	\$ 65,774	\$ 446,960	\$ 112,954	\$ 2,739,438
Accumulated depreciation and impairments	-	-	-	(117,403)	(1,356)	(118,759)	(231,376)	(42,347)	-	(62,081)	(454,563)
	<u>\$ 621,705</u>	<u>\$ 213,475</u>	<u>\$ 835,180</u>	<u>\$ 710,389</u>	<u>\$ 108,003</u>	<u>\$ 818,392</u>	<u>\$ 110,043</u>	<u>\$ 23,427</u>	<u>\$ 446,960</u>	<u>\$ 50,873</u>	<u>\$ 2,284,875</u>

1. Information on property, plant and equipment pledged to others as collateral is provided in Note 8.
2. The Company had no capitalization of interest for property, plant and equipment in 2024 and 2023.

(VIII) Leasing arrangements - lessee

1. The underlying assets leased by the Company include land, buildings and company vehicles. Leasing contracts for buildings and company vehicles are typically made for periods of 1 to 5 years. The land for the plant site is leased from Hsinchu Science Park, and the lease period is 20 years. The Company is entitled to the preferential right to lease, and the lease period is expected to be 50 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be used as loan collaterals.
2. The information on the book value and recognized depreciation expenses of right-of-use assets are as follows:

	Land	Buildings	Company vehicles	Total
January 1, 2024	\$ 168,613	\$ 12,116	\$ 124	\$ 180,853
Addition	3,687	11,047	2,205	16,939
Depreciation expense	(6,757)	(5,004)	(688)	(12,449)
December 31, 2024	<u>\$ 165,543</u>	<u>\$ 18,159</u>	<u>\$ 1,641</u>	<u>\$ 185,343</u>

	Land	Buildings	Company vehicles	Total
January 1, 2023	\$ 175,260	\$ 3,998	\$ 675	\$ 179,933
Addition	-	10,819	-	10,819
Depreciation expense	(6,647)	(2,701)	(551)	(9,899)
December 31, 2023	<u>\$ 168,613</u>	<u>\$ 12,116</u>	<u>\$ 124</u>	<u>\$ 180,853</u>

3. The information on profit and loss items related to lease contracts is as follows:

Items affecting current profit and loss	2024	2023
Interest expenses on lease liabilities	\$ 2,245	\$ 2,163

4. In 2024 and 2023, other than the cash outflow from lease-related expenses mentioned in Note 6(8)3 above, please refer to Note 6(29) for details of the amount of cash outflow arising from the payment of lease liabilities.

(IX) Leasing arrangements - lessor

1. The Company leases out assets such as land and buildings. The lease contracts are typically made for periods of 1 to 3 years. The terms of lease contracts are negotiated separately. In order to preserve the condition of leased assets, the Group usually requires lessees not to sublet, sublease or pledge all or part of the underlying leased assets.
2. Please refer to 6(21) for the rental income recognized by the Company based on operating lease contracts.
3. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2024	December 31, 2023
2024	\$ -	\$ 17,210
114 years	21,146	12,982
115 years	1,284	909
	<u>\$ 22,430</u>	<u>\$ 31,101</u>

(X) Investment property

	Land	Buildings and structures	Total
<u>January 1, 2024</u>			
Cost	\$ 162,931	\$ 92,919	\$ 255,850
Accumulated depreciation and impairments	- (22,601)	(22,601)	(22,601)
	<u>\$ 162,931</u>	<u>\$ 70,318</u>	<u>\$ 233,249</u>
<u>2024</u>			
January 1	\$ 162,931	\$ 70,318	\$ 233,249
Addition	110,650	109,506	220,156
Depreciation expense	- (5,366)	(5,366)	(5,366)
December 31	<u>\$ 273,581</u>	<u>\$ 174,458</u>	<u>\$ 448,039</u>
<u>December 31, 2024</u>			
Cost	\$ 273,581	\$ 202,425	\$ 476,006
Accumulated depreciation and impairments	- (27,967)	(27,967)	(27,967)
	<u>\$ 273,581</u>	<u>\$ 174,458</u>	<u>\$ 448,039</u>
	Land	Buildings and structures	Total
<u>January 1, 2023</u>			
Cost	\$ 162,931	\$ 92,919	\$ 255,850
Accumulated depreciation and impairments	- (19,637)	(19,637)	(19,637)
	<u>\$ 162,931</u>	<u>\$ 73,282</u>	<u>\$ 236,213</u>
<u>2023</u>			
January 1	\$ 162,931	\$ 73,282	\$ 236,213
Depreciation expense	- (2,964)	(2,964)	(2,964)
December 31	<u>\$ 162,931</u>	<u>\$ 70,318</u>	<u>\$ 233,249</u>
<u>December 31, 2023</u>			
Cost	\$ 162,931	\$ 92,919	\$ 255,850
Accumulated depreciation and impairments	- (22,601)	(22,601)	(22,601)
	<u>\$ 162,931</u>	<u>\$ 70,318</u>	<u>\$ 233,249</u>

1. Rental income and direct operating expenses of investment property.

	2024	2023
Rental income from investment property	<u>\$ 13,757</u>	<u>\$ 10,915</u>
Direct operating expenses incurred by investment property that generates rental income for the period	<u>\$ 8,339</u>	<u>\$ 4,537</u>

2. The fair value of the investment property held by the Company as of December 31, 2024 and 2023 were NT\$495,993 and NT\$281,023, respectively. The above-mentioned fair value is obtained from the market price assessments and actual transaction prices of similar properties in the vicinity of the relevant assets, and belongs to Level 3.
3. Please refer to Note 8 for the pledge on the Company's investment properties as collateral.
4. The Company had no capitalization of interest for investment property in 2024 and 2023.

(XI) Other payables

	December 31, 2024	December 31, 2023
Payroll and bonus payable	\$ 273,029	\$ 258,186
Remunerations payable to employees and directors	92,800	97,779
Accrued expenses	62,440	55,394
Payable on machinery and equipment	10,020	16,766
Others	17,013	14,947
	<u>\$ 455,302</u>	<u>\$ 443,072</u>

(XII) Long-term borrowings

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2024
Long-term bank loans				
E.Sun Commercial Bank	The borrowing period is from August 23, 2023 to August 15, 2033; the grace period for the principal is two years, and the interest is paid monthly.	1.375%	None.	
Credit loan				\$ 229,000
Less: Long-term borrowings, current portion				(9,542)
				<u>\$ 219,458</u>

Type of borrowing	Borrowing period and payment method	Range of interest rate	Collateral	December 31, 2023
Long-term bank loans				
E.Sun Commercial Bank	The borrowing period is from August 23, 2023 to August 15, 2033; the grace period for the principal is two years, and the interest is paid monthly.	1.25%	None.	
Credit loan				\$ 229,000
Less: Long-term borrowings, current portion				-
				<u>\$ 229,000</u>

Please see Note 6(23) for the interest expense recognized in profit or loss by the Company.

(XIII) Pensions

The Company has established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in a lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were NT\$32,586 and NT\$28,161, respectively.

(XIV) Share-based payment

1. The Company's share-based payment arrangements

- (1) The board resolution on November 8, 2018 determined the first employee stock option plan of 2018 and established the stock option method. A total of 3,000,000 units of employee stock options was to be issued, each unit of stock option might subscribe to 1 share, and the measure became effective on December 11, 2018. The Company has processed the issuance of employee stock options on January 29, 2019.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock option plan - A	2019.1.29	3,000 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 or more years of service are entitled to 50%; those with 3 or more years of service are entitled to 100%.

- (2) The board resolution on July 6, 2022 determined the first employee stock option plan of 2022 and established the stock option method. A total of 3,500,000 units of employee stock options was to be issued, and each unit of stock option subscribed to 1 share, and measures became effective on July 26, 2022. The Company has processed the issuance of employee stock options on August 5, 2022.

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Delivery method
Employee stock option plan - B	2022.8.5	3,500 thousand shares	4 years	Note	Equity delivery

Note: Employees with 2 or more years of service are entitled to 50%; those with 3 or more years of service are entitled to 100%.

2. Detailed information of the share-based payment arrangement above

2024			
Employee stock option plan - A		Employee stock option plan - B	
Number of stock options (thousand shares)	Weighted average strike price (NT\$)	Number of stock options (thousand shares)	Weighted average strike price (NT\$)
Options outstanding as of January 1	-	3,362	156.84
Share options foregone this period	-	(65)	156.84
Share options exercised this period	-	(1,291)	148.54
Share options expired this period	-	-	-
Options outstanding as of December 31	-	2,006	148.54
Options exercisable as of December 31	-	362	

2023			
Employee stock option plan - A		Employee stock option plan - B	
Number of stock options (thousand shares)	Weighted average strike price (NT\$)	Number of stock options (thousand shares)	Weighted average strike price (NT\$)
Options outstanding as of January 1	123	3,455	168.00
Share options foregone this period	(10)	(93)	168.00
Share options exercised this period	(113)	-	-
Share options expired this period	-	-	-
Options outstanding as of December 31	-	3,362	156.84
Options exercisable as of December 31	-	-	

3. The Company's weighted-average share prices of the stock options exercised in 2024 and 2023 were NT\$284.20 and NT\$221.28, respectively on the date of exercise.
4. The expiration date and exercise price of stock options outstanding on the balance sheet date

are as follows:

		December 31, 2024	
Approved issue date	Expiration date	Number of Shares (thousand shares)	Exercise price (NT\$)
August 5, 2022	August 5, 2026	2,006	148.54

		December 31, 2023	
Approved issue date	Expiration date	Number of Shares (thousand shares)	Exercise price (NT\$)
August 5, 2022	August 5, 2026	3,362	156.84

5. The fair value of stock options granted on grant date is measured using Black-Scholes option-pricing model, and the relevant information is as follows:

Type of arrangement	Grant date	Stock price (NT\$)	Exercise price (NT\$)	Expected volatility	Expected duration	Expected dividend	Risk-free rate	Weighted average fair value per unit (NT\$)
Employee stock option plan - A	2019.1.29	105.50	105.50	34.34%	4 years	NA	0.61%	26.4442
Employee stock option plan - B	2022.8.5	168.00	168.00	30.62%	3.25 years	NA	0.95%	38.5462

6. Expenses incurred on share-based payment transactions are shown below:

	2024	2023
Equity delivery	\$ 36,468	\$ 48,121

(XV) Provision for liabilities

	2024	2023
Balance on January 1	\$ 58,311	\$ 68,289
Provisions used for the period	(12,133)	(24,951)
Provision added this period	16,060	14,973
Balance on December 31	\$ 62,238	\$ 58,311

The analysis of provisions is as follows:

	December 31, 2024	December 31, 2023
Current	\$ 19,801	\$ 21,486
Non-current	42,437	36,825
	\$ 62,238	\$ 58,311

The Company's provisions for warranty liabilities are mainly related to sales of industrial storage devices and memory modules. The provisions for warranty liabilities are estimated based on the historical warranty information of the products.

(XVI) Capital

1. As of December 31, 2024, the Company's authorized capital was NT\$1,000,000, consisting of 100,000 thousand shares (including 10,000 thousand shares which can be subscribed to as employee stock options). The paid-in capital was NT\$914,561 with a par value of NT\$10 per share.

All proceeds from shares issued have been collected. The adjustments to the number of the Company's ordinary shares outstanding are as follows: (unit: share)

	2024	2023
January 1	88,397,642	86,553,081
Stock dividends	1,767,953	1,731,061
Employees exercise options	1,290,500	113,500
December 31	91,456,095	88,397,642

2. The shareholders' meeting on May 31, 2024 resolved to increase the Company's capital by issuing new shares with the 2023 unappropriated retained earnings of NT\$17,680. The record date for the capital increase was July 21, 2024.
3. The shareholders' meeting on May 31, 2023 resolved to increase the Company's capital by issuing new shares with the 2022 unappropriated retained earnings of NT\$17,311. The record date for the capital increase was August 27, 2023.
4. In 2024, the ordinary shares issued due to the exercise of employee stock options were 1,290,500 shares. As of December 31, 2024, 119,000 shares have not been registered for share capital change.
5. The ordinary shares issued due to the exercise of employee stock options in 2023 were 113,500 shares, and all of them had been registered for share capital change.

(XVII) Capital surplus

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surplus should not be used to cover accumulated capital deficit unless the legal reserve is insufficient.

	2024						
	Issue of shares at premium	Difference between acquisition or disposal price and carrying value of equity in subsidiaries	Changes in ownership interests in subsidiaries recognized	Changes in net value of equities of associates and joint ventures recognized by using the equity method	Employee stock options	Others	Total
January 1	\$ 1,315,986	\$ 802	\$ 25,386	\$ 2,994	\$ 62,674	\$ 8,939	\$ 1,416,781
Share-based payment	-	-	-	-	36,468	-	36,468
Changes in shareholders' equity in subsidiaries not recognized proportionately to ownership	-	-	22,010	-	-	-	22,010
Employees exercise options	224,139	-	-	- (45,351)	-	178,788
Lapsed options	-	-	-	- (2,281)	2,281	-
December 31	\$ 1,540,125	\$ 802	\$ 47,396	\$ 2,994	\$ 51,510	\$ 11,220	\$ 1,654,047

	2023						
	Issue of shares at premium	Difference between acquisition or disposal price and carrying value of equity in subsidiaries	Changes in ownership interests in subsidiaries recognized	Changes in net value of equities of associates and joint ventures recognized by using the equity method	Employee stock options	Others	Total
January 1	\$ 1,302,829	\$ 802	\$ 24,806	\$ -	\$ 23,320	\$ 4,705	\$ 1,356,462
Share-based payment	-	-	-	-	48,121	-	48,121
Changes in net value of equities of associates and joint ventures recognized by using the equity method	-	-	-	2,994	-	-	2,994
Share-based remuneration for employees of subsidiaries	-	-	580	-	-	-	580
Employees exercise options	13,157	-	-	-	(5,053)	-	8,104
Exercise right of disgorgement	-	-	-	-	-	520	520
Lapsed options	-	-	-	-	(3,714)	3,714	-
December 31	\$ 1,315,986	\$ 802	\$ 25,386	\$ 2,994	\$ 62,674	\$ 8,939	\$ 1,416,781

(XVIII) Retained earnings / subsequent event

1. According to the Company's Articles of Incorporation, the income surplus from the general final accounts is distributed in the following order:
 - (1) Tax appropriation.
 - (2) Compensation for past losses.
 - (3) Allocation of 10% as legal reserve. However, this shall not apply when the legal reserve has reached the amount of the Company's paid-in capital. A special reserve is also allocated or reversed in accordance with laws and regulations or the competent authority's requirements.
 - (4) With respect to the balance and the accumulated unappropriated retained earnings of previous years, the board will propose a surplus distribution to the shareholders' meeting for resolution.

Dividend policy: The Company considers future needs for business operations, long-term financial planning and shareholders' interest in the dividend policy. As the Company is currently in the growing stage, considering the future capital expenditure budget and the need for cash, the annual cash dividends will not be less than 10% of the total of cash and stock dividends. The Company's total earnings distribution to shareholders shall not be less than 30% of the current year's earnings.

2. Except for compensating losses or issuing new stocks or paying cash to shareholders in proportion to their shareholdings, the legal reserve shall not be used for any other purposes. The use of the legal reserve for the issuance of stocks or cash payment to shareholders in proportion to their shareholdings is limited to the portion in excess of 25% of the Company's paid-in capital.
3. In accordance with the regulations, the Company shall set aside a special reserve from the debit balance of other equity items on the balance sheet date before distributing earnings.

When the debit balance on other equity items is reversed subsequently, the reversed amount can be included in distributable earnings.

4. The Company's distribution of profits

- (1) The appropriations of 2023 and 2022 earnings were resolved at the shareholders' meeting on May 31, 2024 and May 31, 2023, respectively, and the details are summarized below:

	2023		2022	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve allocated	\$ 114,762		\$ 185,019	
(Reversal of) special reserve	(924)		(12,223)	
Stock dividends	17,680	0.20	17,311	0.20
Cash dividends	901,656	10.20	1,194,433	13.80
	<u>\$ 1,033,174</u>		<u>\$ 1,384,540</u>	

- (2) The distribution of 2024 earnings was resolved by the Board of Directors on February 26, 2025, with the details summarized below:

	2024	
	Amount	Dividend per share (NT\$)
Legal reserve allocated	\$ 110,617	
Stock dividends	18,291	0.20
Cash dividends	859,687	9.40
	<u>\$ 988,595</u>	

(XIX) Operating revenue

1. Segmentation of revenue from contracts with customers

The Company derives its revenue from the transfer of goods and services at a point in time in the following product categories and geographical regions:

2024	Industrial storage devices and memory modules					
	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	<u>\$ 2,556,475</u>	<u>\$ 2,206,423</u>	<u>\$ 1,534,027</u>	<u>\$ 1,628,995</u>	<u>\$ 104,316</u>	<u>\$ 8,030,236</u>

2023	Industrial storage devices and memory modules					
	Taiwan	Asia	Americas	Europe	Others	Total
Revenue from contracts with customers	<u>\$ 2,432,669</u>	<u>\$ 1,981,193</u>	<u>\$ 1,176,117</u>	<u>\$ 1,758,003</u>	<u>\$ 138,455</u>	<u>\$ 7,486,437</u>

2. Contract liabilities

- (1) Contract liabilities related to contracts with customers recognized by the Company:

	December 31, 2024	December 31, 2023	January 1, 2023
Product sales contracts	<u>\$ 24,790</u>	<u>\$ 16,994</u>	<u>\$ 35,857</u>

- (2) Contract liabilities at the beginning of the period recognized as revenue of the period

	2024	2023
Product sales contracts	<u>\$ 16,563</u>	<u>\$ 35,317</u>

(XX) Interest income

	2024	2023
Income from bank deposits and other interests	\$ 33,544	\$ 34,477
Interest income from financial assets measured at amortized cost	400	785
	<u>\$ 33,944</u>	<u>\$ 35,262</u>

(XXI) Other income

	2024	2023
Rental income	\$ 23,417	\$ 16,370
Dividend income	1,349	1,127
Government grants	56	80
Others	11,930	11,756
	<u>\$ 36,752</u>	<u>\$ 29,333</u>

(XXII) Other gains and losses

	2024	2023
Net currency exchange gain (loss)	\$ 118,079	\$ 6,598
Depreciation expenses of real estate investment	(5,366)	(2,964)
Others	(16)	-
	<u>\$ 112,697</u>	<u>\$ 3,634</u>

(XXIII) Financial costs

	2024	2023
Interest expense on bank borrowings	\$ 3,074	\$ 1,358
Interest expenses on lease liabilities	2,245	2,163
Others	48	30
	<u>\$ 5,367</u>	<u>\$ 3,551</u>

(XXIV) Additional information on the nature of expenses

	2024	2023
Employee benefits expense	\$ 1,093,300	\$ 999,695
Depreciation charges on property, plant and equipment	\$ 105,875	\$ 99,613
Depreciation expenses for right-of-use assets	\$ 12,449	\$ 9,899
Amortization expenses on intangible assets and deferred assets.	\$ 23,136	\$ 18,482

(XXV) Employee benefit expenses

	2024	2023
Payroll expenses	\$ 893,872	\$ 807,903
Employee stock options	36,468	48,121
Labor and health insurance fees	70,805	65,167
Pension expense	32,586	28,161
Directors' remuneration	14,594	15,386
Other employee benefit expenses	44,975	34,957
	<u>\$ 1,093,300</u>	<u>\$ 999,695</u>

1. If there is still a balance in the income before tax after compensation for losses, the Company shall allocate the following amounts as employees' and directors' remunerations:

- (1) More than 3% as employees' remuneration.
- (2) Less than 2% as directors' remuneration.

The employee remuneration may be made in the form of shares or cash, subject to the special

resolution by the board of directors which shall reported to a shareholders' meeting. The recipients include the employees of subordinate companies in which the Company holds more than half of the shares with voting power or the total capital of the subordinate companies.

2. The estimated amount of employees' remuneration for 2024 and 2023 is NT\$80,000 and NT\$84,079, respectively; the estimated amount of directors' remuneration is NT\$12,800 and NT\$13,700, respectively. These amounts are recorded as salary expenses.

The remuneration to employees and directors was estimated and accrued at 5.65% and 0.90%, respectively, based on the profitability of 2024.

The employees' remuneration and directors' remuneration approved by the board meeting for 2023 were NT\$84,079 and NT\$13,700, respectively, which were consistent with the amounts recognized in the 2023 financial statements, and NT\$84,079 and NT\$13,700 have been paid respectively in cash as of December 31, 2024.

3. Information about employees' and directors' remuneration of the Company as resolved by the board meeting is available on the Market Observation Post System.

(XXVI) Income tax

1. Income tax expense

- (1) Components of income tax expense

	2024	2023
Current tax:		
Current income tax liabilities	\$ 96,274	\$ 282,122
Prior-year income tax underestimate (overestimate)	(13,916)	(1,491)
Withholding and provisional tax	150,883	4,242
Additional tax on unappropriated retained earnings	(5,722)	(23,282)
Total current tax	<u>227,519</u>	<u>261,591</u>
Deferred income tax:		
Origination and reversal of temporary differences	(15,536)	412
Others:		
Additional surtax on unappropriated retained earnings	5,722	23,282
Income tax expense	<u>\$ 217,705</u>	<u>\$ 285,285</u>

- (2) For 2024 and 2023, the Company had no income tax related to other comprehensive income and direct debits or credits.

2. Relationship between income tax expense and accounting profit

	2024	2023
Tax calculated based on pre-tax profit and statutory tax rate	\$ 264,775	\$ 286,580
Investment deductible tax effect	(35,000)	(28,000)
Unrealized investment gain/loss on domestic operations	(339)	3,152
Effects of items that cannot be recognized according to laws and regulations	1,846	1,227
Prior-year income tax underestimate (overestimate)	(13,916)	(1,491)
Additional surtax on unappropriated retained earnings	5,722	23,282
Others	(5,383)	535
Income tax expense	<u>\$ 217,705</u>	<u>\$ 285,285</u>

3. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2024		
	January 1	Recognized in profit or loss	December 31
Deferred income tax assets:			
Loss on falling prices of inventory and inventory obsolescence	\$ 35,667	\$ 6,036	\$ 41,703
Deferred unrealized gain on sales	1,714	843	2,557
Provisions for after-sales services	11,662	786	12,448
Attendance bonus	2,926	451	3,377
Unrealized exchange loss	6,966	(6,966)	-
Unrealized sales discounts	-	6,107	6,107
Unrealized investment loss on foreign operations	5,052	12,193	17,245
Subtotal	63,987	19,450	83,437
Deferred income tax liabilities:			
Unrealized investment gains	-	(3,914)	(3,914)
Total	\$ 63,987	\$ 15,536	\$ 79,523

	2023		
	January 1	Recognized in profit or loss	December 31
Deferred income tax assets:			
Loss on falling prices of inventory and inventory obsolescence	\$ 47,616	(\$ 11,949)	\$ 35,667
Deferred unrealized gain on sales	1,419	295	1,714
Provisions for after-sales services	13,658	(1,996)	11,662
Attendance bonus	2,825	101	2,926
Unrealized exchange loss	3,204	3,762	6,966
Unrealized investment loss on foreign operations	-	5,052	5,052
Subtotal	68,722	(4,735)	63,987
Deferred income tax liabilities:			
Unrealized investment loss on foreign operations	(4,323)	4,323	-
Total	\$ 64,399	(\$ 412)	\$ 63,987

4. The Company's income tax returns have been assessed and approved by the tax authority up to 2021.

(XXVII) Earnings per share

	2024		
	Amount after tax	Weighted average number of shares outstanding (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net profit attributable to ordinary shareholders	\$ 1,106,172	90,640	12.20
<u>Diluted earnings per share</u>			
Current net profit attributable to ordinary shareholders	\$ 1,106,172	90,640	
Impact of conversion of all dilutive potential ordinary shares			
Employee remuneration	-	406	
Employee stock options	-	958	
Current net profit attributable to ordinary shareholders of the Company plus the potential conversion of all dilutive ordinary shares	\$ 1,106,172	92,004	12.02
	2023		
	Amount after tax	Weighted average number of shares outstanding (thousand shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Current net profit attributable to ordinary shareholders	\$ 1,147,616	90,163	12.73
<u>Diluted earnings per share</u>			
Current net profit attributable to ordinary shareholders	\$ 1,147,616	90,163	
Impact of conversion of all dilutive potential ordinary shares			
Employee remuneration	-	358	
Employee stock options	-	1,359	
Current net profit attributable to ordinary shareholders of the Company plus the potential conversion of all dilutive ordinary shares	\$ 1,147,616	91,880	12.49

The aforesaid weighted average number of outstanding shares in 2024 and 2023 has been retroactively adjusted according to the ratio of capital increase from earnings in 2024.

(XXVIII) Supplemental cash flow information

1. Investing activities with partial cash payments:

	2024	2023
Purchase of property, plant and equipment	\$ 302,210	\$ 633,310
Add: Opening balance of payable on equipment	16,766	52,801
Less: Ending balance of payable on equipment	(10,020)	(16,766)
Cash paid during the year	\$ 308,956	\$ 669,345

2. Financing activities with no cash flow effects

	2024		2023	
Capitalization of earnings	\$	17,680	\$	17,311
(XXIX) <u>Changes in liabilities arising from financing activities</u>				
	2024			
	Other payables - Cash dividends payable	Long-term borrowings (including the current portion)	Lease liabilities (current/non- current)	Guarantee deposit received
January 1	\$ -	\$ 229,000	\$ 184,911	\$ 3,471
Increase in borrowings	-	-	-	-
Repayment of borrowings	-	-	-	-
Declared cash dividends	901,656	-	-	-
Cash dividends paid (901,656)	-	-	-
Increase in principal of lease liabilities	-	-	16,939	-
Payment of lease liabilities	-	-	(11,599)	-
Increase in guarantee deposits received	-	-	-	3,270
Decrease in guarantee deposit received	-	-	-	(2,444)
December 31	\$ -	\$ 229,000	\$ 190,251	\$ 4,297
	2023			
	Other payables - Cash dividends payable	Short-term borrowings	Lease liabilities (current/non- current)	Guarantee deposit received
January 1	\$ -	\$ 180,000	\$ 183,118	\$ 1,785
Increase in borrowings	-	229,000	-	-
Repayment of borrowings	-	(180,000)	-	-
Declared cash dividends	1,194,433	-	-	-
Cash dividends paid (1,194,433)	-	-	-
Increase in principal of lease liabilities	-	-	10,819	-
Payment of lease liabilities	-	-	(9,026)	-
Increase in guarantee deposits received	-	-	-	1,692
Decrease in guarantee deposit received	-	-	-	(6)
December 31	\$ -	\$ 229,000	\$ 184,911	\$ 3,471

VII. Related-party transactions

(I) Related parties' names and relationships

<u>Name of the related party</u>	<u>Relationship with the Company</u>
<u>Subsidiaries:</u>	
Innodisk USA Corporation	The Company's 100% owned subsidiary
Innodisk Japan Corporation	The Company's 100% owned subsidiary
Innodisk Europe B.V.	The Company's 100% owned subsidiary
Innodisk Global-M Corporation	The Company's 100% owned subsidiary
Aetina Corporation	The Company's 67.06% owned subsidiary
Antzer Tech Co., Ltd.	The Company's 100% owned subsidiary
Innodisk Shenzhen Corporation	The Company's wholly owned second-tier subsidiary
<u>Affiliates:</u>	
Millitronic Co., Ltd.	An entity over which the Company has major significant influence
Sysinno Technology Inc.	An entity over which the Company has significant influence
<u>Other related parties:</u>	
I-Media Tech Co., Ltd.	The chairman of that company and one of the Company's directors are the same person.
Innodisk Foundation	The amount donated by the Company and the directors is more than one-third of the total fund received by the foundation.
Key management of Aetina Corporation	Subsidiary's key management and governance unit
All directors, the general manager and key executives.	The Company's key executives and governance units

(II) Significant transactions with the related parties

1. Sales and processing transactions

(1) Operating revenue

The Company's revenue from sales of goods and services to the related parties is shown as follows:

	<u>2024</u>	<u>2023</u>
<u>Subsidiaries:</u>		
Innodisk USA Corporation	\$ 1,073,776	\$ 807,025
Innodisk Shenzhen Corporation	542,031	513,598
Others	51,595	28,435
An entity over which the Company has significant influence	187	190
	<u>\$ 1,667,589</u>	<u>\$ 1,349,248</u>

The prices of products sold and services provided to the related parties from the Company are based on the agreements between the parties. The payment terms are net 25 to net 60. There are no significant differences with the non-related parties. The payment terms for non-related parties are payment in advance and net 30 to 90 days.

(2) Accounts receivable

The Company's accounts receivable from the above transactions with related parties is shown as follows:

	December 31, 2024	December 31, 2023
Subsidiaries:		
Innodisk USA Corporation	\$ 307,278	\$ 208,963
Innodisk Shenzhen Corporation	204,891	204,237
Others	7,316	4,658
An entity over which the Company has significant influence	44	31
	<u>\$ 519,529</u>	<u>\$ 417,889</u>

2. Purchase transactions

(1) Operating costs

Details on the Company's purchase transactions with related parties are as follows:

	2024	2023
Subsidiary		
Innodisk USA Corporation	\$ 14,034	\$ 4,067
Aetina Corporation	5,172	193
Other related parties	316	149
An entity over which the Company has significant influence	1,268	393
	<u>\$ 20,790</u>	<u>\$ 4,802</u>

The Company's prices of purchase transaction with related parties are based on the agreements between the parties. The payment term is payment in advance and monthly settlement, net 30 to 90 days, which is not significantly different from those of non-related parties. The payment term for non-related parties is payment in advance, 7 days after shipment and monthly settlement, net 30 to 90 days.

(2) Accounts payable

The Company's accounts payable from the above transactions with related parties is shown as follows:

	December 31, 2024	December 31, 2023
Subsidiary	\$ 2,036	\$ 1
Other related parties	139	79
An entity over which the Company has significant influence	233	108
	<u>\$ 2,408</u>	<u>\$ 188</u>

3. Leases and services

(1) Other income

The Company's income from leasing assets to related parties and for providing administrative support and other services is detailed as follows:

	2024		2023	
	Rental income	Other income	Rental income	Other income
Subsidiaries:				
Innodisk Japan Corporation	\$ 3,485	\$ 48	\$ 3,636	\$ 50
Aetina Corporation	1,907	1,163	1,842	6,083
Innodisk USA Corporation	-	6,669	-	374
Antzer Tech Co., Ltd.	120	240	120	240
An entity over which the Company has significant influence:				
Entity:				
Others	974	362	997	360
	<u>\$ 6,486</u>	<u>\$ 8,482</u>	<u>\$ 6,595</u>	<u>\$ 7,107</u>

The Company's rental income from leasing out offices is negotiated with the related parties and is collected on a monthly basis.

(2) Other receivables

The Company's other accounts receivable from the above transactions with related parties is shown as follows:

	December 31, 2024	December 31, 2023
Subsidiaries:		
Innodisk USA Corporation	\$ 6,271	\$ -
Aetina Corporation	1,113	767
Antzer Tech Co., Ltd.	42	42
An entity over which the Company has significant influence	32	31
	<u>\$ 7,458</u>	<u>\$ 840</u>

(3) Other non-current liabilities

The Company's deposits received from the above transactions with related parties are shown as follows:

	December 31, 2024	December 31, 2023
Subsidiaries:		
Innodisk Japan Corporation	\$ 188	\$ 195
Aetina Corporation	332	332
Antzer Tech Co., Ltd.	21	21
An entity over which the Company has significant influence	169	146
	<u>\$ 710</u>	<u>\$ 694</u>

4. Marketing promotion services and miscellaneous purchases

(1) Operating expenses/manufacturing expenses

The Company's expenses incurred by marketing promotion services provided by the related parties and miscellaneous purchases are as follows:

	2024	2023
Subsidiaries:		
Innodisk Japan Corporation	\$ 36,629	\$ 35,236
Innodisk USA Corporation	9,751	1,763
Innodisk Europe B.V.	106,482	83,643
Aetina Corporation	197	351
An entity over which the Company has significant influence	36	187
	<u>\$ 153,095</u>	<u>\$ 121,180</u>

(2) Other payables

The Company's other payables from the above transactions are shown as follows:

	December 31, 2024	December 31, 2023
Subsidiary		
Innodisk Japan Corporation	\$ 2,125	\$ 1,324
Innodisk USA Corporation	8,418	-
Innodisk Europe B.V.	9,516	7,640
Aetina Corporation	26	300
An entity over which the Company has significant influence	-	114
	<u>\$ 20,085</u>	<u>\$ 9,378</u>

5. Provision for endorsements/guarantees

Endorsements and guarantees provided to related parties:

	December 31, 2024		December 31, 2023	
Subsidiaries:	Amount	Actual amount drawn down	Amount	Actual amount drawn down
Innodisk Europe B.V.	<u>\$ 14,339</u>	<u>\$ 12,632</u>	<u>\$ 14,272</u>	<u>\$ 14,272</u>

6. Donations/operating expenses

The operating expenses arising from supporting education development, fulfilling corporate social responsibility and donations to related parties are detailed as follows:

	2024	2023
Innodisk Foundation	<u>\$ 4,000</u>	<u>\$ 3,000</u>

7. Acquisition of financial assets

2024: None.

Counterparty	Accounting item	Number of shares traded	Subject of transaction	2023 Price of acquisition
Sysinno Technology Inc.	Investments accounted for using equity method	300,000	Common stock	\$ 7,500
Millitronic Co., Ltd.	Investments accounted for using equity method	1,382,944	Common stock	19,361
				<u>\$ 26,861</u>

8. Property transactions

(1) Acquisition of property, plant and equipment

Details of the Company's purchase of property, plant and equipment from related parties are as follows"

	December 31, 2024	December 31, 2023
Subsidiaries:		
Innodisk USA Corporation	\$ 1,857	\$ -
Aetina Corporation	1,443	-
	<u>\$ 3,300</u>	<u>\$ -</u>

(2) Other payables

The Company's other payables from the above transactions are shown as follows:

	December 31, 2024	December 31, 2023
Subsidiaries:		
Aetina Corporation	\$ 102	\$ -

(III) Compensation of key management personnel

	2024	2023
Short-term employee benefits	\$ 88,820	\$ 105,381
Post-employment benefits	971	963
Share-based payment	7,867	11,308
	<u>\$ 97,658</u>	<u>\$ 117,652</u>

VIII. Pledged assets

Assets pledged by the Company as collateral are as follows:

Assets	Book value		Purpose of collateral
	December 31, 2024	December 31, 2023	
Other non-current assets - pledge of time deposits	\$ 10,706	\$ 10,706	Provide pledged time deposits for lease and customs tax guarantee

IX. Material contingent liabilities and unrecognized contractual commitments

(I) Material contingent liabilities

None.

(II) Material unrecognized contractual commitments

- As of December 31, 2024 and 2023, the amount of endorsements and guarantees by the Company was NT\$14,339 and NT\$14,272, respectively, and the amount used was NT\$12,632 and NT\$14,272, respectively.
- Capital expenditures that have been signed but not yet incurred

	December 31, 2024	December 31, 2023
Property, plant and equipment (note)	\$ -	\$ 144,703

Note: It was mainly due to the contractual commitment of the Company to invest in the new plant in the Yilan area of Hsinchu Science Park.

X. Losses Due to Major Disasters

None.

XI. Significant Subsequent Events

The distribution of 2024 earnings was resolved by the Board of Directors on February 26, 2025. The details are summarized in Note 6(18).

XII. Others

(I) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. The total debt is the total liabilities reported on the parent-only balance sheet. Total total capital is calculated as "equity", as shown on the parent-only balance sheet, plus total liabilities.

The Company maintained the same strategy in 2024 as in 2023. Please refer to the parent company only balance sheet for the Company's gearing ratio on December 31, 2024 and 2023.

(II) Financial instruments

1. Types of financial instruments

For the Company's financial assets (cash and cash equivalents, notes receivable, accounts receivable, accounts receivable due from related parties, other receivables, other receivables due from related parties, non-current financial assets at fair value through other comprehensive income, non-current financial assets at amortized cost and guarantee deposits paid), and financial liabilities (accounts payable, accounts payable to related parties, other payables (related parties), long-term borrowings, guarantee deposits received, current and non-current lease liabilities), please refer to the relevant information in the parent-only balance sheet and Note 6.

2. Risk management policy

- (1) The Company's activities are exposed to a variety of financial risks, including the market risk (exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and performance.
- (2) Risk management is carried out by the Company's treasury department under policies approved by the management, and it primarily identifies, evaluates and hedges financial risks.

3. Nature and degree of significant financial risks

(1) Market risk

A. Foreign exchange risk

- (A) The Company is a multinational operation and therefore is subject to exchange rate risks arising from transactions of different currencies of the Company, mainly in US dollars, RMB, JPY and Euro. The related exchange risk from future business transactions have been recognized in assets and liabilities.

- (B) The Company's management has set up policies to require the management of its foreign exchange risk against their functional currency. The Company hedges its overall exchange rate risk through its treasury department. Exchange rate risk arises when future business transactions and recognized assets or liabilities are denominated in foreign currencies that are not the entity's function currency.
- (C) The Company engages in operations involving certain non-functional currencies (the functional currency of the Company is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

(foreign currency: functional currency)	December 31, 2024		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	58,757	32.7850	\$ 1,926,348
RMB : NTD	17,670	4.4780	79,126
JPY : NTD	149,660	0.2099	31,414
EUR : NTD	424	34.1400	14,475
<u>Non-monetary items</u>			
- Investment in subsidiaries			
USD : NTD	975	32.7850	31,979
JPY : NTD	58,771	0.2099	12,336
EUR : NTD	1,712	34.1400	58,450
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	19,641	32.7850	643,930
JPY : NTD	8,013	0.2099	1,682
<u>Non-monetary items</u>			
- Investment in subsidiaries			
RMB : USD	6,565	0.1366	29,403

(foreign currency: functional currency)	December 31, 2023		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	61,997	30.7050	\$ 1,903,618
RMB : NTD	23,514	4.3270	101,745
JPY : NTD	144,509	0.2172	31,387
EUR : NTD	228	33.9800	7,747
<u>Non-monetary items</u>			
- Investment in subsidiaries			
USD : NTD	3,568	30.7050	109,552
JPY : NTD	50,755	0.2172	11,024
EUR : NTD	1,446	33.9800	49,133

Financial liabilitiesMonetary items

USD : NTD	17,584	30.7050	539,917
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JPY : NTD	5,868	0.2182	1,280
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Non-monetary items

- Investment in subsidiaries

RMB : USD	774	0.1409	3,349
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(D) Please refer to Note 6(22) for the total exchange gain (loss) (realized and unrealized) due to significant foreign exchange rate fluctuations on monetary items held by the Company in 2024 and 2023.

(E) The analysis of foreign currency risk due to significant exchange rate fluctuation is as follows:

2024				
Sensitivity Analysis				
	Fluctuation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	19,263	\$
RMB : NTD	1%		791	
JPY : NTD	1%		314	
EUR : NTD	1%		145	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(6,439)	
JPY : NTD	1%	(17)	
2023				
Sensitivity Analysis				
	Fluctuation		Effect on profit or loss	Effect on other comprehensive income
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	19,036	\$
RMB : NTD	1%		1,017	
JPY : NTD	1%		314	
EUR : NTD	1%		77	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(5,399)	
JPY : NTD	1%	(13)	

B. Price risk

(A) The Company's equity instruments exposed to the price risk are financial assets held and recognized at fair value through other comprehensive income. To manage the price risk of equity instruments, the Company diversifies its investment portfolio in a manner that is based on the limits set by the Company.

- (B) The Company invests primarily in equity instruments issued by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these instruments rises or fell by 1% with all other factors remaining unchanged, the other comprehensive income from January 1 to December 31, 2024 and 2023 from equity investment measured at fair value would have increased or decreased by NT\$291 and NT\$281, respectively.

C. Cash flow and fair value interest rate risk

- (A) The Company's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Borrowings issued at variable rates expose the Company to the cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings at variable rate were denominated in NTD.
- (B) On December 31, 2024 and 2023, if the borrowing rate increased by 1% with all other reasons remained unchanged, the pre-tax profit from January 1 to December 30, 2024 and 2023 would have decreased by NT\$2,290 and NT\$2,290, respectively, mainly due to an increase in the borrowing interest due to floating interest rates.

(2) Credit risk

- A. The credit risk of the Company is the risk of financial loss due to the inability of customers or counterparties of financial instruments to perform their contractual obligations, mainly because of the inability of counterparties to pay off the notes and accounts receivable according to the terms of collection, as well as the contractual cash flow classified as debt instrument investment measured at amortized cost.
- B. The management of credit risk is established from a Company perspective. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.
- C. The credit risk of the Company's investment in debt instrument measured at amortized cost refers to counterparties' default on contractual obligations, leading to the Company's financial losses. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- D. Considering the Company's past experience, if the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk of the financial asset significantly increases since the original recognition.
- E. Considering the Company's past experience in payment collection, if a contract payment is overdue for more than 180 days in accordance with the agreed payment terms, it is considered a breach of contract.
- F. The Company categorizes accounts receivable from customers based on their evaluation ratings. A simplified approach is adopted to estimate expected credit losses based on a preparation matrix.

- G. The Company has included the economic indicators and signals of the National Development Council and Basel Committee on Banking Supervision's forward-looking considerations to adjust the loss rate based on historical and current information for a specific period.
- H. The Company uses the following indicators to determine the status of credit impairments of debt instruments:
- (A) The issuer suffers from significant financial difficulties or is likely to go bankrupt or undergo financial restructuring.
 - (B) The issuer's financial difficulties have caused the disappearance of the active market for the financial asset
 - (C) The issuer delays or does not pay for the interest or principal.
 - (D) Adverse changes in national or regional economic conditions leading to the issuer's default.
- I. The Company will continue the recourse for financial assets that have defaulted to protect the rights of the claims. The Company may write off the amount of financial assets that cannot be reasonably expected to be recovered after recourse.
- J. The Company has incorporated forward-looking considerations to adjust the loss rate built according to historic and current data, in order to estimate the loss allowance notes and accounts receivables. The preparation matrix is shown as follows:

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
<u>December 31, 2024</u>						
Expected loss rate	0.03%	0.74%	1.47%	0.03%-51.20%	100.00%	
Notes receivable	\$ 902	\$ -	\$ -	\$ -	\$ -	\$ 902
Accounts receivable	1,352,093	12,538	1,690	-	-	1,366,321
Total book value	\$ 1,352,995	\$ 12,538	\$ 1,690	\$ -	\$ -	\$ 1,367,223
Loss allowance	(\$ 259)	(\$ 4)	(\$ 1)	\$ -	\$ -	(\$ 264)

	Not past due	Less than 30 days past due	31 to 60 days past due	61 to 180 days past due	More than 181 days past due	Total
<u>December 31, 2023</u>						
Expected loss rate	0.03%	0.61%	1.22%	12.84%-72.43%	100.00%	
Notes receivable	\$ 992	\$ -	\$ -	\$ -	\$ -	\$ 992
Accounts receivable	1,374,688	14,049	1,398	10	-	1,390,145
Total book value	\$ 1,375,680	\$ 14,049	\$ 1,398	\$ 10	\$ -	\$ 1,391,137
Loss allowance	(\$ 295)	(\$ 4)	(\$ 1)	(\$ 2)	\$ -	(\$ 302)

The above is an aging report based on the number of days past due.

K. The table of change in loss allowance for accounts receivable based on the simplified method the Company adopts is shown below:

	2024	2023
	Accounts receivable	Accounts receivable
January 1	\$ 302	\$ 22,237
Expected loss (gain) on credit impairment	(38)	(21,935)
December 31	\$ 264	\$ 302

(3) Liquidity risk

- A. The cash flow forecast is performed by various departments of the Company and aggregated by the Company's treasury department. It monitors rolling forecasts of liquidity requirements to ensure the Company has sufficient cash to meet operational needs.
- B. The treasury department of the Company invests the remaining funds in interest-bearing demand deposits and domestic money market funds, and the instruments chosen have appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. On December 31, 2024 and 2023, the position of the money market held by the Company is expected to generate immediate cash flow to manage liquidity risk.
- C. The Company does not have derivative financial liabilities. The table below analyzes the non-derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. Except for those listed in the table, others mature within a year. The undiscounted cash flow amount is equivalent to the amount listed in the parent-only balance sheet. The remaining undiscounted cash flow of non-derivative financial liabilities is shown as follows:

December 31, 2024	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<u>Non-derivative financial liabilities:</u>					
Lease liabilities (current/non-current)	\$ 15,413	\$ 14,657	\$ 30,514	\$ 165,054	\$ 225,638
Long-term borrowings	12,674	31,462	92,025	107,664	243,825
 December 31, 2023	 Within 1 year	 1 to 2 years	 2 to 5 years	 Over 5 years	 Total
<u>Non-derivative financial liabilities:</u>					
Lease liabilities (current/non-current)	\$ 11,874	\$ 10,462	\$ 29,731	\$ 169,475	\$ 221,542
Long-term borrowings	2,870	12,389	92,544	137,549	245,352

(III) Fair value information

1. The different levels of valuation techniques used to measure the fair values of financial and non-financial instruments are defined as follows:

- Level 1 : The quoted price (unadjusted) of the same assets or liabilities that the enterprise may acquire on the measurement date in the active market. A market is regarded as active where transactions for assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in stocks of publicly traded or OTC firms is included in Level 1.
- Level 2 : The directly or indirectly observable input values of assets or liabilities, except for the quotations included in level 1.
- Level 3: : Unobservable input values for assets or liabilities.

2. For fair value information of investment property measured at cost, please refer to Note 6(10).

3. Financial instruments not measured at fair value

For the Company's financial assets (cash and cash equivalents, notes receivable, accounts receivable, accounts receivable due from related parties, other receivables, other receivables due from related parties, non-current financial assets at fair value through other comprehensive income, non-current financial assets at amortized cost and guarantee deposits paid) and financial liabilities (accounts payable, accounts payable to related parties, other payables (related parties), long-term borrowings, guarantee deposits received, current lease liabilities and non-current lease liabilities) which are not measured at fair value, the book amount is a reasonable approximation of the fair value.

4. The related information about financial and non-financial instruments measured at fair value by level on the basis of their nature, characteristics and risks of the assets and liabilities is as follows:

(1) The Company classifies its assets and liabilities according to their nature, and the relevant information is as follows

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repetitive fair value financial assets at fair value through other comprehensive income				
- Equity securities	\$ 29,071	\$ -	\$ -	\$ 29,071
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Repetitive fair value financial assets at fair value through other comprehensive income				
- Equity securities	\$ 28,105	\$ -	\$ -	\$ 28,105

(2) The methods and assumptions adopted by the Company for assessing the fair value are as follows:

A. Where the Company adopts market quotation as the fair value input (i.e., Level 1), the closing prices of the shares of TWSE and TPEX listed companies on the balance sheet date are adopted.

B. The Company incorporates credit risk valuation adjustments into the consideration of fair value of financial instruments and non-financial instruments to reflect counterparty credit risk and the credit quality of the Company, respectively.

5. The Company did not have any transfer between Level 1 and Level 2, and there was no change in Level 3 and no transfer into and out of Level 3 in 2024 and 2023.

XIII. Additional disclosures

(I) Significant transactions information

- Loans to others: None.
- Provision of endorsements/guarantees to others: Please refer to Schedule 1.
- Holdings of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Schedule 2.
- Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital: Please refer

to Schedule 3.

6. Disposal of real estate exceeding NT\$300 million or 20% of paid-in capital: None.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital: Please refer to Schedule 4.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital: Please refer to Schedule 5.
9. Engagement in derivative trading: None.
10. Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Schedule 6.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in China): Please refer to Schedule 7..

(III) Information on investments in China

1. Basic information: Please refer to Schedule 8.
2. Significant transactions either directly or indirectly through a third area with investee companies in China: Please refer to Schedule 9.

(IV) Information on major shareholders

Information on major shareholders: Detailed in Schedule 10.

XIV. Operating segments information

Not applicable.

Innodisk Corporation
Provision of endorsements and guarantees to others
January 1 to December 31, 2024

Statement 1

Expressed in Thousands of NTD
(unless otherwise specified)

Number (Note 1)	Endorser / guarantor	Party being endorsed/ guaranteed		Endorsement and guarantee limit for a single enterprise (Note 3) 20%	Maximum outstanding endorsement/ guarantee amount for the period (Note 4)	Outstanding endorsement/ guarantee amount for the period	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Percentage of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Maximum amount of endorsements/ guarantees (Note 3) 50%	Provision of endorsements/ guarantees by the parent company to the subsidiary	Provision of endorsements/ guarantees by the subsidiary to the parent company	Provision of endorsements/ guarantees to the party in China	Remarks
		Company name	Relationship (Note 2)											
0	Innodisk Corporation	Innodisk Europe B.V.	2	\$ 1,498,229	\$ 14,860	\$ 14,339	\$ 12,632	\$ -	0.19%	\$ 3,745,572	Y	N	N	
1	Innodisk Europe B.V.	Innodisk France SAS	4	11,690	5,260	5,075	-	-	8.68%	29,225	N	N	N	

Note 1: The numbers to be filled in the number column is explained as follows:

- (1) Fill in 0 for the issuer.
- (2) The invested companies are numbered in order starting from 1.

Note 2: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are classified into the following seven categories; fill in the number of the category:

- (1) A company with business dealings.
- (2) A company in which the Company directly or indirectly holds more than 50% of its voting shares.
- (3) A company which directly or indirectly holds more than 50% of the voting shares of the Company.
- (4) A company in which the Company directly or indirectly holds more than 90% of its voting shares.
- (5) A company with mutual guarantees in accordance with the contract in the same industry or a joint constructor for the purpose of contracting the project. ,
- (6) A company jointly endorsed/guaranteed by all its shareholders in proportion to their ownerships due to joint venture.
- (7) Performance guarantee and joint guarantee by industry peers engaging in a house pre-sale contract in accordance with the Consumer Protection Act.

Note 3: The total amount of endorsements and guarantees of the Company shall not exceed 50% of the Company's net worth, and the total amount to a single enterprise shall not exceed 20% of the Company's net worth.

Note 4: The total amount of endorsements and guarantees by a subsidiary shall not exceed 50% of the subsidiary's net worth, and the total amount to a single enterprise shall not exceed 20% of the subsidiary's net worth.

Note 5: Maximum outstanding balance of endorsements/guarantees in the current year.

Innodisk Corporation

Holding of marketable securities at the end of the period (excluding the controlling shares in subsidiaries, associates and joint ventures)

December 31, 2024

Statement 2

Expressed in Thousands of NTD

(unless otherwise specified)

Holding company	Type and name of securities	Relationship with the issuer of securities	Account of recognition	Period end				Remarks
				Number of Shares	Book value	Ownership	Fair value	
Innodisk Corporation	Domestic listed stocks - Preferred stock - Supreme Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - - Non-current	666,000	\$ 29,071	2.22% \$	29,071	

Note: The shareholding ratio is calculated based on the total number of shares of the same type issued by the investee company; the stocks of TWSE and TPEX listed companies are expressed at the closing price at the end of the period, and the stocks of non-TWSE or non-TPEX listed companies are expressed at the estimated fair value.

Innodisk Corporation
Acquisition of real estate reaching NT\$300 million or 20% of the paid-in capital or more
January 1 to December 31, 2024

Statement 3

Expressed in Thousands of NTD
(unless otherwise specified)

The company which acquired the real estate	Property name	Date of fact	Transaction amount (Note)	Payment status	Counterparty	Relationship with the endorser/guarantor	Previous transfer information if the counterparty is a related party				Reference for price determination	Purpose of acquisition and status of use	Other agreed matters
							Owner	Relationship with the Issuer	Transfer date	Amount			
Innodisk Corporation	Nihonbashihama Real Estate	July 2024	\$ 228,846	2024: Already paid NT\$228,846.	Shibuya East Real Estate Co., Ltd.	-	-	-	-	-	The professional appraisal firm referred to by the board of directors of the Company.	For the Company's operation.	None

Note: It refers to the total contract price and deed tax.

Innodisk Corporation
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
January 1 to December 31, 2024

Statement 4

Expressed in Thousands of NTD
(unless otherwise specified)

Purchaser/seller	Counterparty name	Relationship with the endorser/guarantor	Transaction			Differences in transaction terms compared with third party transactions			Notes/accounts receivable (payable)		Remarks
			Purchase/Sales	Amount	Percentage of total purchases (sales)	Credit term	Unit Price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Innodisk Corporation	Innodisk USA Corporation	Subsidiary	(Sales)	(\$ 1,073,776)	(13%)	Net 60	None	None	\$ 307,278	22%	
Innodisk Corporation	Innodisk Shenzhen Corporation	Subsidiary	(Sales)	(542,031)	(7%)	Net 60	None	None	204,891	15%	
Innodisk USA Corporation	Innodisk Corporation	Parent company	Purchase	1,073,776	20%	Net 60	None	None	(307,278)	(42%)	
Innodisk Shenzhen Corporation	Innodisk Corporation	Parent company	Purchase	542,031	10%	Net 60	None	None	(204,891)	(28%)	

Innodisk Corporation
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
January 1 to December 31, 2024

Statement 5

Expressed in Thousands of NTD
(unless otherwise specified)

Companies with accounts receivable	Counterparty name	Relationship with the endorser/guarantor	Balance of account receivable from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Amount of recognized allowance for bad debts
					Amount	Action taken		
Innodisk Corporation	Innodisk USA Corporation	Subsidiary	\$ 307,278	4.81	\$ -	Not applicable	\$ 70,617	\$ -
Innodisk Corporation	Innodisk Shenzhen Corporation	Subsidiary	204,891	3.81	-	Not applicable	22,331	-

Innodisk Corporation
Significant inter-company transactions during the reporting periods and their business relationships
January 1 to December 31, 2024

Statement 6

Expressed in Thousands of NTD

Individual transactions less than NT\$10 million will not be disclosed. Transactions which are disclosed as part of the parent company's transactions will not be disclosed again.

(Unless otherwise specified)

Number (Note 1)	Name of the trader	Counterparty of transaction	Relationship with the trader	Status of transaction			Percentage of consolidated total operating revenues or total assets (note 2)
				General ledger account	Amount	Transaction terms	
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to subsidiary	Sales	\$ 1,073,776	Same with other customers	12%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to subsidiary	Sales	542,031	Same with other customers	6%
0	Innodisk Corporation	Innodisk USA Corporation	Parent company to subsidiary	Accounts receivable	307,278	Same with other customers	3%
0	Innodisk Corporation	Innodisk Shenzhen Corporation	Parent company to subsidiary	Accounts receivable	204,891	Same with other customers	2%
0	Innodisk Corporation	Innodisk Japan Corporation	Parent company to subsidiary	Operating expenses	36,629	Same with other customers	0%
0	Innodisk Corporation	Innodisk Europe B.V.	Parent company to subsidiary	Operating expenses	106,482	Same with other customers	1%

Note 1: The business dealing information between the parent company and its subsidiaries shall be indicated in the number field respectively. The filling method of the number is as follows:

(1). Fill in 0 for the parent.

(2) The subsidiaries are numbered in order starting from "1".

Note 2: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement account.

Note 3: For details of endorsements and guarantees between the parent and subsidiaries, please refer to Schedule (I) for the description of endorsements and guarantees for others.

Innodisk Corporation
Names, locations and other information of investee companies (not including investees in China)
January 1 to December 31, 2024

Statement 7

Expressed in Thousands of NTD
(unless otherwise specified)

Name of Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as of the end of period			Net profit (loss) of the investee for the current period	Investment income(loss) recognized by the Company for the current period	Remarks
				Balance at the end of period	End of the previous year	Number of Shares	Percentage	Book value			
Innodisk Corporation	Innodisk USA Corporation	United States	Sales of Industrial embedded storage devices	\$ 140,499	\$ 140,499	2,046,511	100.00	\$ 60,454	(\$ 46,344)	(\$ 46,041)	
Innodisk Corporation	Innodisk Japan Corporation	Japan	After-sales services and support of industrial embedded storage devices	3,533	3,533	196	100.00	12,336	1,607	1,703	
Innodisk Corporation	Innodisk Europe B.V.	Netherlands	After-sales services and support of industrial embedded storage devices	17,802	17,802	50,000,100	100.00	58,450	9,245	9,245	
Innodisk Corporation	Innodisk Global-M Corporation	Mauritius	Investment holdings	20,154	20,154	665,000	100.00	(28,475)	(25,933)	(25,877)	
Innodisk Corporation	Aetina Corporation	Taiwan	Manufacturing and sales of industrial graphics cards	67,300	24,091	25,762,726	67.06	361,322	(3,137)	(1,505)	Note 7
Innodisk Corporation	Antzer Tech Co., Ltd.	Taiwan	Electronics Components Manufacturing	57,133	57,133	58,400,000	100.00	36,969	7,150	6,150	
Innodisk Corporation	Millitronic Co., Ltd.	Taiwan	Electronics Components Manufacturing	73,518	73,518	6,798,664	32.16	23,931	(7,230)	(2,325)	Note 6
Innodisk Corporation	Sysinno Technology Inc.	Taiwan	Electronics Components Manufacturing	20,400	20,400	945,000	42.95	11,655	(1,452)	(623)	Note 5
Innodisk Europe B.V.	Innodisk France SAS	France	After-sales services and support of industrial embedded storage devices	175	175	5,000	100.00	5,244	1,179	1,179	
Innodisk Europe B.V.	Innodisk Germany GmbH	Germany	After-sales services and support of industrial embedded storage devices	868	-	250	100.00	854	-	-	Note 8
Aetina Corporation	Aetina USA Corporation	United States	After-sales service and support for industrial graphics cards	6,098	6,098	200,000	100.00	7,244	298	298	Note 2
Aetina Corporation	Aetina Europe B.V.	Netherlands	After-sales service and support for industrial graphics cards	-	-	100	100.00	2,082	817	817	Note 3
Aetina Corporation	Aetina Japan Corporation	Japan	After-sales service and support for industrial graphics cards	1,087	1,087	500	100.00	1,153	204	204	Note 4

Note 1: Disclosed at the historical exchange rate

Note 2: Aetina Corporation established its subsidiary Aetina USA Corporation in September 2021, and the capital injection has been completed on January 10, 2023.

Note 3: Aetina Corporation established its subsidiary Aetina Europe B.V. in January 2022, and the capital injection has been completed on March 13, 2023.

Note 4: Aetina Corporation established the subsidiary, Aetina Japan Corporation in October 2023, and the capital injection has been completed on October 12, 2023.

Note 5: The Company injected an additional investment capital of NT\$7,500 to Sysinno Technology Inc. and additionally acquired 300 thousand shares in March 2023.

Note 6: The Company injected an additional investment capital of NT\$19,361 thousand to Millitronic Co., Ltd. and additionally acquired 1,383 thousand shares in December 2023.

Note 7: The Company invested NT\$43,208 in Aetina Corporation in September 2024, and additionally acquired 1,879 thousand shares.

Note 8: Innodisk Europe B.V. established a subsidiary Innodisk Germany GmbH in October 2024.

Innodisk Corporation
Information on investments in China - Basic data
January 1 to December 31, 2024

Statement 8

Expressed in Thousands of NTD
(unless otherwise specified)

Investee in China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to China as of the beginning of current period	Amount remitted from Taiwan to China/Amount remitted back to Taiwan for the year		Accumulated amount of remittance from Taiwan to China as of the end of current period	Net profit (loss) of the investee for the current period	Ownership held by the Company (direct or indirect)	Investment income(loss) recognized by the Company for the current period (Note 2)	Net profit (loss) of the investee for the year	Accumulated amount of investment income remitted back to Taiwan	Remarks
					Remitted to	Remitted back							
Innodisk Shenzhen Corporation	Sales of Industrial embedded storage devices	\$18,168 (US\$600 thousands) (Note 3)	2. Innodisk Global-M Corporation	\$18,168 (US\$600 thousands) (Note 3)	\$ -	\$ -	\$18,168 (US\$600 thousands) (Note 3)	(\$ 25,933)	100	(\$ 25,933)	(\$ 29,403)	\$ -	
Aetina (Shenzhen) Artificial Intelligence Co., Ltd.	After-sales service and support for industrial graphics cards	\$1,360 (US\$42 thousand) (Note 6)	1. Aetina Corporation	\$1,360 (US\$42 thousand) (Note 6)	\$ -	\$ -	\$1,360 (US\$42 thousand) (Note 6)	\$ 111	100	\$ 111	\$ 1,237	\$ -	Note 6

Note 1: Investment methods are classified into the following three categories; fill in the number of the category that each case belongs to:

- (1) Direct investment in a company in China.
- (2) Re-investment in China through a company in a third area (please specify the company in the third area).
- (3) Other methods.

Note 2: The investment income (loss) recognized in the current period is based on the company's financial statements for the same period audited by the Taiwan parent company's independent auditors.

Note 3: Disclosed at the historical exchange rate

Company name	Accumulated amount of investment remitted from Taiwan to China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in China imposed by the Investment Commission of MOEA (Note 4)
Innodisk Corporation	\$18,168 (US\$600 thousands) (Note 3)	\$18,168 (US\$600 thousands) (Note 3)	\$ 4,603,893
Aetina Corporation	\$1,360 (US\$42 thousand) (Note 5)	\$1,360 (US\$42 thousand) (Note 5)	\$ 325,998

Note 4: The cap is 60% of the net worth in accordance with the provisions in the letter referenced (90) Tai-Cai-Zheng (1) #006130 from the Securities and Futures Commission, Ministry of Finance on November 16, 2001.

Note 5: Investment amount of Aetina Corporation approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is USD 42 thousand.

Note 6: Aetina Corporation established its subsidiary, Aetna (Shenzhen) Artificial Intelligence Co., Ltd. in July 2023, and the capital injection has been completed on November 10, 2023.

Innodisk Corporation

Information on investment in China - Significant transactions, either directly or indirectly through a third area, with investee companies in China

January 1 to December 31, 2024

Statement 9

Expressed in Thousands of NTD
(unless otherwise specified)

Investee in China	Sales (Purchases)		Property transactions		Accounts receivable / payable		Notes endorsement and guarantee or provision of collateral		Financial intermediation				
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Highest balance	Ending balance	Range of interest rate	Current interest rate	Others
Innodisk Shenzhen Corporation	\$ 542,031	7%	\$ -	-	\$ 204,891	15%	\$ -	-	\$ -	\$ -	-	\$ -	-

Innodisk Corporation
Information on major shareholders
December 31, 2024

Statement 10

Names of major shareholders	Shares	
	Number of shares held	Ownership
Rui Ding Investment Co., Ltd.	6,957,733	7.60%
Cathay Life Insurance Company, Ltd.	4,713,592	5.15%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the data of the last business day of the quarter, on shareholders holding 5% or more of the Company's ordinary shares and preference shares (including treasury shares) combined whose scripless registration and delivery have been completed.

The number of shares recorded in the Company's financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee. As for shareholders who handle the declaration of insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act,

The shareholding includes the shareholder's own shareholding plus the shares he has delivered to the trust over which he has the right to use the trust property. For information on insider equity declaration, please refer to the Market Observation Post System.

Innodisk Corporation
Cash and Cash Equivalents Schedule
December 31, 2024

Statement 1

Expressed in Thousands of NTD

Item	Summary			Amount	Remarks
Cash on hand and working capital				\$ 676	
Bank deposits					
-- Demand deposit in NTD				744,065	
-- Checking account deposits in NTD				11	
-- Demand deposit in foreign currency	USD	16,249,045; exchange rate	32.7850	532,725	
	JPY	96,639,378; exchange rate	0.2099	20,285	
	EUR	414,144; exchange rate	34.1400	14,139	
	RMB	17,667,938; exchange rate	4.4780	79,117	
	GBP	5,397; exchange rate	41.1900	222	
Time deposits					
-- Certificate of deposit in NTD				1,090,500	
				<u>\$ 2,481,740</u>	

Innodisk Corporation
Statement of Current Financial Assets at Amortized Cost
December 31, 2024

Statement 2

Expressed in Thousands of NTD

Name	Summary	Number of certificate	Par value	Total amount	interest rate	Book value	Accumulated impairment	Remarks
DBS Bank time deposit		1	\$ 57,898	\$ 57,898	1.510%	\$ 57,898	\$ -	
DBS Bank time deposit		2	50,000	100,000	1.510%	100,000	-	
				<u>\$ 157,898</u>		<u>\$ 157,898</u>	<u>\$ -</u>	

Innodisk Corporation
Accounts Receivable Schedule
December 31, 2024

Statement 3

Expressed in Thousands of NTD

Customer Name	Summary	Amount	Remarks
Non-related party:			
Customer Z		\$ 98,037	
Customer Y		47,746	
Customer V		45,722	
Others		655,287	The balance of each customer account did not exceed 5% of the total balance of this account.
		846,792	
Less: Loss allowance	(264)	
Non-related party subtotal		846,528	
Related parties:			
Innodisk USA Corporation		307,278	
Innodisk Shenzhen Corporation		204,891	
Others		7,360	The balance of each customer account did not exceed 5% of the total balance of this account.
Related party subtotal		519,529	
Total		\$ 1,366,057	

Innodisk Corporation
Inventory Schedule
December 31, 2024

Statement 4

Expressed in Thousands of NTD

Item	Amount		Remarks
	Cost	Net realizable value	
Raw materials	\$ 1,095,052	\$ 928,112	The determination of the net realizable value is the balance of the estimated selling price minus the estimated costs required to complete the project, and the estimated costs required to complete the sale.
Work in process	285,469	320,747	
Finished goods	237,470	282,994	
Product inventory	1,375	629	
	1,619,366	\$ 1,532,482	
Less: Loss from the allowance for the price drop of inventory	(208,514)		
	<u>\$ 1,410,852</u>		

Innodisk Corporation
Schedule of Changes in Investments Accounted for Using the Equity Method
January 1 to December 31, 2024

Statement 5

Expressed in Thousands of NTD

Name	Opening balance		Increase this period		Investment profit and loss	Cumulative translation adjustments	Amount of other adjustment items (Note) (Note)	Decrease this period		Ending balance			Net equity value		Provision of guarantees or pledges
	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Amount	Number of Shares	Ownership (%)	Amount	Unit Price (NT\$)	Total amount	
Innodisk USA Corporation	2,046,511	\$ 103,027	-	\$ -	(\$ 46,041)	\$ 6,538	(\$ 3,070)	-	\$ -	2,046,511	100.00%	\$ 60,454	34.61	\$ 70,832	None
Innodisk Japan Corporation	196	11,024	-	-	1,703	(391)	-	-	-	196	100.00%	12,336	62,959.18	12,340	None
Innodisk Europe B.V.	50,000,100	49,133	-	-	9,245	72	-	-	-	50,000,100	100.00%	58,450	1.17	58,450	None
Innodisk Global-M Coproration	665,000	6,525	-	-	(25,877)	(7,977)	(1,146)	-	-	665,000	100.00%	(28,475)	(42.95)	(28,564)	None
Antzer Tech Co., Ltd.	58,400,000	30,819	-	-	6,150	-	-	-	-	58,400,000	100.00%	36,969	0.63	36,969	None
Aetina Corporation	23,884,103	297,277	1,878,623	43,208	(1,505)	332	22,010	-	-	25,762,726	67.06%	361,322	14.03	361,385	None
Millitronic Co., Ltd.	6,798,664	26,256	-	-	(2,325)	-	-	-	-	6,798,664	32.16%	23,931	3.52	23,931	None
Sysinno Technology Inc.	945,000	12,278	-	-	(623)	-	-	-	-	945,000	42.95%	11,655	9.64	9,111	None
Total (assets recognized)		<u>\$ 536,339</u>		<u>\$ 43,208</u>	<u>(\$ 59,273)</u>	<u>(\$ 1,426)</u>	<u>\$ 17,794</u>		<u>\$ -</u>			<u>\$ 565,117</u>		<u>\$ 544,454</u>	
Total (liabilities recognized)		<u>\$ -</u>										<u>(\$ 28,475)</u>			

Note: This represents an adjustment of NT\$(4,216) to unrealized profit arising from downstream transactions among affiliated enterprises, and a change of NT\$22,010 in the equity value of affiliated enterprises not recognized according to shareholding ratio.

Innodisk Corporation
Schedule of Changes in Costs and Accumulated Depreciation of Property, Plant and Equipment
January 1 to December 31, 2024

Statement 6

Expressed in Thousands of NTD

Item	Opening balance	Increase this period	Decrease this period	Reclassification for the year	Ending balance	Provision of pledges
Cost						
Land	\$ 835,180	\$ -	\$ -	\$ -	\$ 835,180	Please see Note 8 for details
Buildings and structures	937,151	185,368	(2,220)	436,186	1,556,485	Please see Note 8 for details
Machinery and equipment	341,419	23,783	-	6,024	371,226	None
Office equipment	65,774	41,438	(9,693)	3,044	100,563	None
Unfinished construction and equipment pending acceptance	446,960	32,849	-	(446,960)	32,849	None
Others	112,954	18,772	(1,496)	1,162	131,392	None
Subtotal	2,739,438	302,210	(13,409)	(544)	3,027,695	
Accumulated depreciation						
Buildings and structures	(118,759)	(32,852)	2,220	-	(149,391)	
Machinery and equipment	(231,376)	(37,442)	-	-	(268,818)	
Office equipment	(42,347)	(20,301)	9,693	-	(52,955)	
Others	(62,081)	(15,280)	1,496	-	(75,865)	
Subtotal	(\$ 454,563)	(\$ 105,875)	\$ 13,409	\$ -	(547,029)	
Total	\$ 2,284,875				\$ 2,480,666	

Note: Please refer to Note 4(14) for the description of the depreciation method and service life.

Innodisk Corporation
Accounts Payable Schedule
December 31, 2024

Statement 7

Expressed in Thousands of NTD

Customer Name	Summary	Amount	Remarks
Non-related party:			
Supplier G		\$ 318,840	The balance of each account of suppliers did not exceed 5% of this account.
Supplier C		199,655	
Others		210,575	
Non-related party subtotal		729,070	
Related parties:			
Aetina		1,294	The balance of each separate account of supplier did not exceed 5% of this account.
Innodisk USA Corporation		742	
DiI-MEDIA TECH CO., LTD.		139	
Millitronic Co., Ltd.		138	
Others		95	
Related party subtotal		2,408	
Total		\$ 731,478	

Innodisk Corporation
Other Accounts Payable Schedule
December 31, 2024

Statement 8

Expressed in Thousands of NTD

Please refer to Note 6(11) for details

Innodisk Corporation
Sales Revenue Schedule
January 1 to December 31, 2024

Statement 9

Expressed in Thousands of NTD

Item	Quantity	Amount	Remarks
Industrial embedded storage devices	2,824,410 units	\$ 4,470,800	
Industrial dynamic random-access memory module	3,408,022 units	3,289,324	
Others	1,013,666 units	270,112	
		<u>\$ 8,030,236</u>	

Innodisk Corporation
Operating Costs Schedule
January 1 to December 31, 2024

Statement 10

Expressed in Thousands of NTD

Item	Summary	Amount	Remarks
Opening product inventory		\$ 616	
Add: Purchase in the period		3,271	
Less: Ending product inventory		(1,375)	
Products transferred to expenses		(108)	
Products transferred to manufacturing		(1,418)	
Loss on scrapping of products		(6)	
Costs of purchase and sales		<u>980</u>	
Opening raw materials		847,523	
Add: Incoming materials in the period		5,133,947	
Products transferred to manufacturing		1,418	
Work-in-progress transferred to manufacturing		257,346	
Finished products dismantled and transferred into raw materials		3,000	
Finished goods transferred to manufacturing		829,149	
Less: Ending raw materials		(1,095,052)	
Raw materials transferred to sales		(84,334)	
Inventory loss of raw materials		(524)	
Loss on scrapping of raw materials		(11,368)	
Raw materials transferred to expense		<u>(4,696)</u>	
Raw materials consumed		5,876,409	
Director labor		231,219	
Manufacturing expenses		333,448	
Total manufacturing cost		6,441,076	
Add: Opening work-in-progress		208,416	
Purchased semi-finished products		297,270	
Less: Ending work-in-progress		(285,469)	
Semi-finished products transferred to sales		(222,817)	
Loss on scrapping of work-in-progress		(2,420)	
Work-in-progress transferred to expenses		(21,115)	
Work-in-progress transferred to manufacturing		<u>(257,346)</u>	
Cost of finished goods		6,157,595	

Innodisk Corporation
Statement of Operating Costs (Continued)
January 1 to December 31, 2024

Statement 10

Expressed in Thousands of NTD

Item	Summary	Amount	Remarks
Add: Opening finished goods		182,260	
Purchased finished goods		2,732	
Less: Ending finished goods	(237,470)	
Loss on scrapping of finished goods	(3,937)	
Finished products dismantled and transferred into raw materials	(3,000)	
Finished goods transferred to expenses	(14,883)	
Finished goods transferred to manufacturing	(829,149)	
Cost of finished goods		5,254,148	
Raw materials transferred to sales		84,334	
Semi-finished products transferred to sales		222,817	
Cost of manufacturing and sales		5,561,299	
Other adjustments:			
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories		30,179	
Losses on scrapping of inventory		17,731	
Product warranty cost		16,060	
Inventory loss		524	
Revenue from sales of leftovers and scraps	(121)	
Other operating costs		64,373	
Operating costs		<u>\$ 5,626,652</u>	

Innodisk Corporation
Manufacturing Expenses Schedule
January 1 to December 31, 2024

Statement 11

Expressed in Thousands of NTD

Item	Summary	Amount	Remarks
Processing expense		\$ 34,324	
Utilities expense		30,399	
Indirect labor		126,853	
Various depreciations		74,173	
Others		67,699	The balance of each account did not exceed 5% of the total balance of this account.
		<u>\$ 333,448</u>	

Innodisk Corporation
Operating Expenses Schedule
January 1 to December 31, 2024

Statement 12

Expressed in Thousands of NTD

Item	Selling expenses	General and administrative expenses	Research and development expenses	Expected credit impairment gains (losses)	Total
Employee benefits expense	\$ 188,100	\$ 231,198	\$ 315,930	\$ -	\$ 735,228
Various depreciations	2,118	15,750	26,283	-	44,151
Advertising expense	34,721	528	-	-	35,249
Promotional service fee	143,111	-	-	-	143,111
Expected loss (gain) on credit impairment	-	-	- (38) (38)
Other expenses (note)	106,553	60,229	69,761	-	236,543
	<u>\$ 474,603</u>	<u>\$ 307,705</u>	<u>\$ 411,974</u>	<u>(\$ 38)</u>	<u>\$ 1,194,244</u>

Note: None of the other items exceeded 5% of this account's balance.

Innodisk Corporation
Schedule of Employee Benefits, Depreciation, Depletion and Amortization in the Current Period
January 1 to December 31, 2024

Statement 13

Expressed in Thousands of NTD

Nature	Function	2024			2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense							
Payroll expenses		\$ 301,110	\$ 629,230	\$ 930,340	\$ 275,637	\$ 580,387	\$ 856,024
Labor and health insurance fees		28,746	42,059	70,805	25,544	39,623	65,167
Pension expense		12,390	20,196	32,586	11,048	17,113	28,161
Directors' remuneration		-	14,594	14,594	-	15,386	15,386
Other employee benefit expenses		15,826	29,149	44,975	11,889	23,068	34,957
Subtotal		358,072	735,228	1,093,300	324,118	675,577	999,695
Depreciation expense		74,173	44,151	118,324	68,594	40,918	109,512
Amortization expenses		1,305	21,831	23,136	1,410	17,072	18,482

Note:

1. The average number of employees in this year and the previous year was 831 and 748, respectively, of which the number of directors who were not concurrently employees was 7 and 7, respectively.
2. For stocks listed on the Taiwan Stock Exchange or the Taipei Exchange, add the disclosure of the following information.
 - (1) The average employee benefit expense for the year is \$1,309 ((Current year's total employee benefit expense - Remunerations to directors) / (Current year's number of employees - Number of directors who do not concurrently hold employee positions)).
 The average employee benefit expense for the previous year was NT\$1,328 ((Previous year's total employee benefit expense - Remunerations to directors) / (Previous year's number of employees - Number of directors who do not concurrently hold employee positions)).
 - (2) The average employee salary expense for the year is NT\$1,129 ((Current year's total employee salary expense / (Current year's number of employees - Number of directors who do not concurrently hold employee positions)).
 The average employee salary expense for the previous year was NT\$1,155 ((Previous year's total employee salary expense / (Previous year's number of employees - Number of directors who do not concurrently hold employee positions)).
 - (3) Adjustment change of average employee salary expense is -2% ("average employee salary expense for the current year - average employee salary expense for the previous year"/average employee salary expense for the previous year).
 - (4) The Company has set up independent directors, so there is no remuneration for supervisors.
 - (5) The Company's policy on payment of remuneration:
 - A. Remuneration of directors: It is calculated in accordance with the "Measures for the Payment of Directors' Remuneration" established by the Company, and the Remuneration Committee makes recommendations to the board meeting for approval after considering the extent of their participation in the Company's operations and the value of their contributions.
 - B. Management officers: Their remuneration includes fixed salaries and variable salaries. The fixed salary is paid every month, and the variable salary is year-end bonus and employee remuneration.
 - C. Employees: Employee salary includes fixed salary and variable salary. The fixed salary is paid every month, and the variable salary is year-end bonus and employee remuneration.
 - (a) Fixed salary: It is determined according to the professional title, job grade, education (experience), professional ability and job responsibilities, while taking into account the level of the same industry.
 - (b) Year-end bonus: It is based on the Company's current-year operation and performance achievement.
 - (c) Employees' remuneration: According to Article 19 of the Company's Articles of Incorporation, the Company shall set aside at least 3% of the profits before tax for the current year before the distribution of profit-sharing with employees and directors as compensation to employees if there is any remaining balance after making up for losses.
 The actual amount is resolved by the board meeting and submitted to the shareholder meeting for approval.

Membership Seal Certificate of Taipei CPA Association

Taipei Tsai-Cheng No. 1141424

Member Name

(1) Tsui Miao Yeh

(2) Chan-Yuan Tu

CPA firm:

PricewaterhouseCoopers, Taiwan

Address:

27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Unified number: 03932533

Telephone:

(02)27296666


Appointer's unified number: 27565769

Membership certificate number:

(1) Taipei Kuai-Cheng No. 2890

(2) Taipei Kuai-Cheng No. 4538

Purpose of the membership seal certificate: For the audit and certification of the financial statements of Innodisk Corporation for 2024 (from January 1, 2024 to December 31, 2024).

Signature specimen (1)		Seal specimen (1)	
Signature specimen (2)		Seal specimen (2)	

Director:





Checker:





February 11, 2025