

**CAMEO COMMUNICATIONS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2025 and 2024**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors of Cameo Communications, Inc.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Cameo Communications, Inc. and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$45,232 thousand and \$44,267 thousand, constituting 1.09% and 1.07% of the consolidated total assets; and the total liabilities amounting to \$5,500 thousand and \$3,381 thousand, constituting 0.46% and 0.32% of the consolidated total liabilities as of March 31, 2025 and 2024, respectively; as well as the absolute value of the total comprehensive income (loss) amounting to \$(12,698) thousand and \$(9,075) thousand, constituting 22.62% and 13.17% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2025 and 2024, respectively.

**Qualified Conclusion**

Except for the impact of potential adjustments to the consolidated financial statements, if any, arising from the review of financial statements of certain subsidiaries described in the Basis for Qualified Conclusion paragraph above by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Cameo Communications, Inc. and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hsin, Yu-Ting and Chien, Szu-Chuan.

KPMG

Taipei, Taiwan (Republic of China)  
May 6, 2025

**Notes to Readers**

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

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES****Consolidated Balance Sheets****March 31, 2025, December 31, 2024, and March 31, 2024****(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2025		December 31, 2024		March 31, 2024				March 31, 2025		December 31, 2024		March 31, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 1,098,597	26	871,191	21	1,196,685	30	2170	Trade payables (including related parties) (note7)	\$ 424,080	10	347,083	9	180,308	4
1170	Trade receivables, net (notes 6(d) and 6(q))	59,773	2	111,693	3	100,069	2	2200	Other payables (including related parties) (note7)	105,016	3	114,574	3	87,732	2
1180	Trade receivables due from related parties, net (notes 6(d), 6(q) and 7)	399,901	10	320,098	8	157,524	4	2250	Current provisions (note 6(l))	984	-	4,410	-	5,433	-
1200	Other receivables, net (note 6(e))	8,493	-	7,358	-	5,204	-	2280	Current lease liabilities (note 6(k) and 7)	11,608	-	19,201	-	20,821	-
1210	Other receivables due from related parties, net (notes 6(e) and 7)	959	-	4,467	-	4,340	-	2305	Other current liabilities	94,668	2	67,427	2	66,100	2
1220	Current tax assets	3,036	-	2,610	-	1,762	-	2320	Long-term borrowings, current portion (notes 6(j) and 8)	68,495	2	87,032	2	122,151	3
1310	Inventories, net (note 6(f))	635,339	15	556,415	13	558,057	14			704,851	17	639,727	16	482,545	11
1476	Other current financial assets (note 6(a))	22,419	1	313,141	8	371,423	9	Non-current liabilities:							
1470	Prepayments and other current assets	18,729	-	18,929	-	19,026	-	2540	Long-term borrowings (notes 6(j) and 8)	429,849	10	441,849	11	498,344	12
		2,247,246	54	2,205,902	53	2,414,090	59	2570	Deferred tax liabilities	2,482	-	2,482	-	32,055	1
								2580	Non-current lease liabilities (note 6(k) and 7)	47,357	1	13,034	-	28,724	1
Non-current assets:										479,688	11	457,365	11	559,123	14
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	290,351	7	282,935	7	127,050	3		Total liabilities	1,184,539	28	1,097,092	27	1,041,668	25
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	197,451	5	238,317	6	101,074	2	Equity (note 6(o)):							
1600	Property, plant and equipment (notes 6(g) and 8)	1,298,978	31	1,303,047	32	1,347,085	33	Equity attributable to owners of parent :							
1755	Right-of-use assets (note 6(h))	58,830	2	32,206	1	49,236	1	3110	Ordinary shares	3,307,792	80	3,307,792	80	3,307,792	80
1780	Intangible assets (note 6(i))	18,767	-	19,591	-	9,913	-	3200	Total capital surplus	1,289	-	-	-	-	-
1840	Deferred tax assets	2,482	-	2,482	-	32,055	1	3300	Retained earnings	(201,490)	(5)	(185,560)	(5)	(93,047)	(2)
1920	Refundable deposits	8,150	-	5,793	-	5,801	-	3400	Other equity	(128,676)	(3)	(88,472)	(2)	(132,956)	(3)
1975	Net defined benefit asset, non-current	40,500	1	40,500	1	36,441	1	Total equity		2,978,915	72	3,033,760	73	3,081,789	75
1990	Other non-current assets	699	-	79	-	712	-								
		1,916,208	46	1,924,950	47	1,709,367	41								
Total assets		\$ 4,163,454	100	4,130,852	100	4,123,457	100	Total liabilities and equity		\$ 4,163,454	100	4,130,852	100	4,123,457	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(q) and 7)</b>	\$ 418,586	100	234,767	100
5000	<b>Operating costs (notes 6(f), 6(m), 7 and 12)</b>	<u>359,921</u>	<u>86</u>	<u>253,251</u>	<u>108</u>
5900	<b>Gross profit (loss)</b>	<u>58,665</u>	<u>14</u>	<u>(18,484)</u>	<u>(8)</u>
6000	<b>Operating expenses (notes 6(m), 7 and 12):</b>				
6100	Selling expenses	12,466	3	10,891	5
6200	Administrative expenses	22,111	5	17,203	7
6300	Research and development expenses	<u>54,760</u>	<u>13</u>	<u>47,511</u>	<u>20</u>
		<u>89,337</u>	<u>21</u>	<u>75,605</u>	<u>32</u>
6900	<b>Net operating loss</b>	<u>(30,672)</u>	<u>(7)</u>	<u>(94,089)</u>	<u>(40)</u>
7000	<b>Non-operating income and expenses:</b>				
7050	Finance costs (note 6(k))	(3,204)	(1)	(3,390)	(1)
7100	Interest income	7,028	2	7,635	3
7190	Other income (notes 7)	930	-	5,731	2
7230	Foreign exchange gains	7,515	2	15,701	7
7235	Net gains on financial assets at fair value through profit or loss (note 6(b))	4,119	1	-	-
7228	Gains on lease modification (note 6(h))	98	-	5	-
7590	Other loss	<u>(1,720)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
		<u>14,766</u>	<u>3</u>	<u>25,682</u>	<u>11</u>
7900	<b>Loss from continuing operations before tax</b>	<u>(15,906)</u>	<u>(4)</u>	<u>(68,407)</u>	<u>(29)</u>
7950	<b>Less: Income tax expenses (note 6(n))</b>	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>
8200	<b>Loss from continuing operations before tax</b>	<u>(15,930)</u>	<u>(4)</u>	<u>(68,407)</u>	<u>(29)</u>
8300	<b>Other comprehensive (loss) income:</b>				
8310	<b>Items that may not be reclassified to profit or loss (note 6(c))</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(40,756)	(10)	(7,336)	(3)
8349	Income tax related to items that may not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may not be reclassified to profit or loss</b>	<u>(40,756)</u>	<u>(10)</u>	<u>(7,336)</u>	<u>(3)</u>
8360	<b>Items that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	662	-	6,818	3
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	<u>(110)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8399	Income tax related to items that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may be reclassified to profit or loss</b>	<u>552</u>	<u>-</u>	<u>6,818</u>	<u>3</u>
8300	<b>Other comprehensive income (loss)</b>	<u>(40,204)</u>	<u>(10)</u>	<u>(518)</u>	<u>-</u>
8500	<b>Total comprehensive income (loss)</b>	<u>\$ (56,134)</u>	<u>(14)</u>	<u>(68,925)</u>	<u>(29)</u>
	<b>Basic earnings per share (expressed in NTD) (note 6(p))</b>				
9750	<b>Basic loss per share</b>	<u>\$ (0.05)</u>		<u>(0.21)</u>	
9850	<b>Diluted loss per share</b>	<u>\$ (0.05)</u>		<u>(0.21)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Other equity			
			Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized losses on financial assets measured at fair value through other comprehensive income	Total other equity	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Accumulated deficits	Retained earnings				
Balance at January 1, 2024	\$ 3,307,792	-	8,504	1,224	(34,368)	(24,640)	(41,651)	(90,787)	(132,438)	3,150,714
Loss for the three months ended March 31, 2024	-	-	-	-	(68,407)	(68,407)	-	-	-	(68,407)
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	6,818	(7,336)	(518)	(518)
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	(68,407)	(68,407)	6,818	(7,336)	(518)	(68,925)
Balance at March 31, 2024	<u>\$ 3,307,792</u>	<u>-</u>	<u>8,504</u>	<u>1,224</u>	<u>(102,775)</u>	<u>(93,047)</u>	<u>(34,833)</u>	<u>(98,123)</u>	<u>(132,956)</u>	<u>3,081,789</u>
Balance at January 1, 2025	\$ 3,307,792	-	-	-	(185,560)	(185,560)	(27,592)	(60,880)	(88,472)	3,033,760
Loss for the three months ended March 31, 2025	-	-	-	-	(15,930)	(15,930)	-	-	-	(15,930)
Other comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	-	-	662	(40,866)	(40,204)	(40,204)
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	(15,930)	(15,930)	662	(40,866)	(40,204)	(56,134)
Overdue dividends transferred to capital surplus	-	1,289	-	-	-	-	-	-	-	1,289
Balance at March 31, 2025	<u>\$ 3,307,792</u>	<u>1,289</u>	<u>-</u>	<u>-</u>	<u>(201,490)</u>	<u>(201,490)</u>	<u>(26,930)</u>	<u>(101,746)</u>	<u>(128,676)</u>	<u>2,978,915</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the three months ended March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from (used in) operating activities:</b>		
Loss before tax	\$ (15,906)	(68,407)
<b>Adjustments:</b>		
<b>Adjustments to reconcile (loss) profit:</b>		
Depreciation expense	23,432	24,584
Amortization expense	903	676
Net gains on financial assets (liabilities) at fair value through profit or loss	(4,119)	-
Interest expense	3,204	3,390
Interest income	(7,028)	(7,635)
Others	(98)	(5)
<b>Total adjustments to reconcile profit</b>	<b>16,294</b>	<b>21,010</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in notes and trade receivables	51,920	37,265
Increase in trade receivables due from related parties	(79,803)	(46,970)
(Increase) decrease in other receivables	(1,410)	1,917
Decrease in other receivable due from related parties	3,508	3,482
(Increase) decrease in inventories	(78,924)	48,469
Decrease (increase) in prepayments and other current assets	200	(16)
<b>Total changes in operating assets</b>	<b>(104,509)</b>	<b>44,147</b>
Increase (decrease) in trade payables (including related parties)	76,997	(16,803)
Decrease in other payable (including related parties)	(9,542)	(10,251)
Increase (decrease) in other operating liabilities	23,815	(6,237)
<b>Total changes in operating liabilities</b>	<b>91,270</b>	<b>(33,291)</b>
<b>Total changes in operating assets and liabilities, net</b>	<b>(13,239)</b>	<b>10,856</b>
<b>Total adjustments</b>	<b>3,055</b>	<b>31,866</b>
Cash outflow generated from operations	(12,851)	(36,541)
Interest received	7,303	7,112
Interest paid	(3,220)	(3,429)
Income taxes paid	(450)	(464)
<b>Net cash flows used in operating activities</b>	<b>(9,218)</b>	<b>(33,322)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(3,297)	-
Acquisition of property, plant and equipment	(12,459)	(7,003)
Acquisition of intangible assets	(79)	(153)
Decrease (increase) in other financial assets	290,722	(65,723)
Increase in other non-current assets	(2,977)	(43)
<b>Net cash flows from (used in) investing activities</b>	<b>271,910</b>	<b>(72,922)</b>
<b>Cash flows from (used in) financing activities:</b>		
Repayments of long-term borrowings	(30,537)	(30,537)
Payment of lease liabilities	(6,700)	(5,043)
Other financing activities	1,289	-
<b>Net cash flows used in financing activities</b>	<b>(35,948)</b>	<b>(35,580)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>662</b>	<b>6,815</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>227,406</b>	<b>(135,009)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>871,191</b>	<b>1,331,694</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,098,597</b>	<b>1,196,685</b>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## **CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**For the three months ended March 31, 2025 and 2024**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

#### **(1) Company history**

Cameo Communications, Inc. (“the Company”) was incorporated on March 11, 1991, as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The consolidated financial statements comprised the Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”). The major business activities of the Group include the manufacture and sale of networking system equipment and the components thereof, and research and development of pertinent technology.

#### **(2) Approval date and procedures of the consolidated financial statements:**

The consolidated financial statements were authorized for issue by the Board of Directors on May 6, 2025.

#### **(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Annual Improvements to IFRS Accounting Standards—Volume 11	<p>The amendments set out:</p> <ol style="list-style-type: none"> <li>1. IFRS 1 “First-time Adoption of International Financial Reporting Standards”:  <p>The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.</p> </li> <li>2. IFRS 7 “Financial Instruments: Disclosures”:  <p>The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued.</p> </li> <li>3. IFRS 9 “Financial Instruments”: <ul style="list-style-type: none"> <li>• Derecognition of a lease liability  <p>The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases.</p> </li> <li>• Transaction price  <p>The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.</p> </li> </ul> </li> </ol>	January 1, 2026

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Standards or Interpretations	Content of amendment	Effective date per IASB
	4. IFRS 10 “Consolidated Financial Statements”: The amendments clarify the determination of a ‘de facto agent’.	
	5. IAS 7 “Statement of Cash Flows”: The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’.	

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

**(4) Summary of material accounting policies:**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2024.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Remark
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	Qianjin Investment Co., Ltd.	Investment holding	100 %	100 %	100 %	
"	Huge Castle Ltd.	Investment holding	100 %	100 %	100 %	
Huge Castle Ltd.	Perfect Choice Co., Ltd.	Investment holding and trading	- %	- %	100 %	Note 1
"	Luis Jo'se Investment Inc.	Investment	100 %	100 %	100 %	Note 2
Luis Jo'se Investment Inc.	Suzhou Soarnex Technology Co., Ltd	Software development and software services on computer information systems	100 %	100 %	100 %	Note 2

Note 1: Perfect Choice Co., Ltd. has been liquidated and cancelled by a resolution of the Board of Directors in April 2024, and has applied for cancellation of registration in May 2024, and it is expected to complete its liquidation in 2025.

Note 2: A non-significant subsidiary, and its financial statements for the three months ended March 31, 2025 and 2024 have not been reviewed.

(c) Income tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2024.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statement of the current period and the 2024 consolidated financial statements. Please refer to note (6) of the consolidated financial statements for the year ended December 31, 2024.

**(a) Cash and cash equivalents**

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Foreign currencies on hand and petty cash	\$ 685	676	637
Check and demand deposits	181,675	140,245	141,630
Time deposits	876,237	641,106	1,054,418
Cash equivalents - repurchase agreement	40,000	89,164	-
	<b><u>\$ 1,098,597</u></b>	<b><u>871,191</u></b>	<b><u>1,196,685</u></b>

- (i) As of March 31, 2025, December 31 and March 31, 2024, the Group's time deposits more than three months recognized as other current financial assets amounted to \$22,419, \$313,141 and \$371,423, respectively.
- (ii) Please refer to note 6(s) for exchange rate risk, interest rate risk, and the fair value sensitivity analysis of the financial assets of the Group.

**(b) Non-current financial assets at fair value through profit or loss**

Except for the following disclosure, there was no significant change in non-current financial assets at fair value through profit or loss for the three months ended March 31, 2025 and 2024. Please refer to the note 6(b) of the consolidated financial statements for the year ended December 31, 2024.

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Private placement shares of domestic listed company	\$ 226,250	220,900	127,050
Common shares of domestic listed company	64,101	62,035	-
Total	<b><u>\$ 290,351</u></b>	<b><u>282,935</u></b>	<b><u>127,050</u></b>

- (i) For the three months ended March 31, 2025, the Group purchased 24 thousand ordinary shares of TMP Steel Corporation and 100 thousand ordinary shares of S-TECH CORP. in the public market, with investment costs of \$651 and \$2,646, respectively.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) On December 4, 2023, the Group participated in the private placement of 5,000 ordinary shares of King House CO., LTD. (formerly known as ENSURE GLOBAL CORP., LTD.) with a par value of NTD7.2 per share, with an investment cost of \$36,000, and the private placement of ordinary shares shall not be sold on its own in accordance with the provisions of the Securities and Exchange Act within three years from January 19, 2024, on the date of delivery to January 18, 2027, except for the transfer in accordance with Article 43-8 of the Securities and Exchange Act.
- (iii) For the three months ended March 31, 2025 and 2024, the Group's gains on financial assets at fair value through profit and loss amounted to \$4,119 and \$0, respectively.
- (iv) Please refer to note 6(s) for exposures to credit risk and market risk.
- (v) As of March 31, 2025, December 31 and March 31, 2024, the Group did not provide any aforementioned financial assets as collateral for its loans.
- (c) Financial assets measured at fair value through other comprehensive income

	<u>March 31,</u> <u>2025</u>	<u>December</u> <u>31, 2024</u>	<u>March 31,</u> <u>2024</u>
Debt investments at fair value through other comprehensive income:			
Taipei Fubon Commercial Co., Ltd. Bank 3rd issue of Senior Unsecured Financial Debentures in 2024 (Domestic bank green bonds - P13 Taipei Fubon Bank 3)	\$ 99,909	100,019	-
Equity investments at fair value through other comprehensive income:			
Common Shares of domestic listed company	<u>97,542</u>	<u>138,298</u>	<u>101,074</u>
Total	<u>\$ 197,451</u>	<u>238,317</u>	<u>101,074</u>

- (i) Debt investments at fair value through other comprehensive income
- The Group has assessed the securities shown above as debt investments at fair value through other comprehensive income were held within a business model whose objective was achieved by both collecting contractual cash flows and selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.
  - On September 16, 2024, the Group acquired 10 ten-year domestic bank green bonds- P13 Taipei Fubon Bank 3 at par value of \$10,000 per bond, with a total subscription amount of \$100,000. The bond nominal interest rate is 2.02%.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Equity investments at fair value through other comprehensive income:

- 1) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.
- 2) For the three months ended March 31, 2025 and 2024, the Group (losses) gains on aforementioned equity investments at fair value through other comprehensive income amounted to \$(40,756) and \$(7,336), respectively.
- 3) There were no disposal of strategic investments and transfer of any cumulative gain or loss within equity relating to these investments for the three months ended March 31, 2025 and 2024.

(iii) Please refer to note 6(s) for exposures to credit risk and market risk.

(iv) The aforementioned financial assets were not pledged as collateral.

(d) Trade receivables (including related parties)

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Trade receivables — measured at amortized cost	\$ 59,773	111,723	100,134
Trade receivables — measured at fair value through other comprehensive income	399,901	320,068	157,459
	459,674	431,791	257,593
Less: loss allowance	-	-	-
Trade receivables, net	<u><u>\$ 459,674</u></u>	<u><u>431,791</u></u>	<u><u>257,593</u></u>
Trade receivables, net	<u><u>\$ 59,773</u></u>	<u><u>111,693</u></u>	<u><u>100,069</u></u>
Trade receivables due from related parties, net	<u><u>\$ 399,901</u></u>	<u><u>320,098</u></u>	<u><u>157,524</u></u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The expected credit losses on trade receivables were as follows:

	<b>March 31, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 436,794	0%	-
1~30 days past due	22,880	0%	-
	<u><b>\$ 459,674</b></u>		<u><b>-</b></u>
	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 417,364	0%	-
1~30 days past due	14,427	0%	-
	<u><b>\$ 431,791</b></u>		<u><b>-</b></u>
	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 249,415	0%	-
1~30 days past due	8,178	0%	-
	<u><b>\$ 257,593</b></u>		<u><b>-</b></u>

- (i) The Group entered into trade receivable factoring agreements with banks. Under the agreements, within the limit of the Group's credit facilities, it is not responsible for guaranteeing the debtor's solvency at the time when the claim is transferred and when the obligations are due. Thus, this is a non-recourse accounts receivable factoring. Upon the sale of trade receivables, the Group will be advanced an agreed percentage, and pay interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the trade receivables. In addition, the Group also need to pay a certain percentage of handling fees.

The Group did not enter into an accounts receivable factoring agreement with banks as of March 31, 2025, December 31 and March 31, 2024.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) For the three months ended March 31, 2025 and 2024, the movement in the allowance for trade receivable were remained unchanged.

(iii) The aforementioned financial assets were not pledged as collateral.

(e) Other receivables (including related parties)

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Other receivables	\$ 23,005	25,378	23,097
Less: loss allowance	<u>(13,553)</u>	<u>(13,553)</u>	<u>(13,553)</u>
	<b><u>\$ 9,452</u></b>	<b><u>11,825</u></b>	<b><u>9,544</u></b>
Other receivables	<b><u>\$ 8,493</u></b>	<b><u>7,358</u></b>	<b><u>5,204</u></b>
Other receivables due from related parties	<b><u>\$ 959</u></b>	<b><u>4,467</u></b>	<b><u>4,340</u></b>

For the three months ended March 31, 2025 and 2024, the movement in the allowance for impairment loss to other receivables were remained unchanged.

(f) Inventories

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Raw materials	\$ 489,508	445,897	456,955
Work in progress and semi-finished goods	112,915	90,153	68,113
Finished goods	<u>32,916</u>	<u>20,365</u>	<u>32,989</u>
	<b><u>\$ 635,339</u></b>	<b><u>556,415</u></b>	<b><u>558,057</u></b>

(i) Operating cost were as follows:

	<b>For the three months ended March 31,</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
Sale of inventories	\$ 333,241	194,457
Write-down of inventories (Reversal of write-downs)	(2,731)	10,832
Unallocated production overheads	<u>29,411</u>	<u>47,962</u>
	<b><u>\$ 359,921</u></b>	<b><u>253,251</u></b>

(ii) For the three months ended March 31, 2025, the Group reversed its allowance for losses due to the write-off of obsolete inventories and a decrease in the net realizable value of inventories below cost.

(iii) For the three months ended March 31, 2024, the loss due to the write-down of inventories to net realizable value was recognized as cost of goods sold.

(iv) The Group did not provide any inventories as collateral for its loans.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Property, plant and equipment

The movements in the cost, depreciation and impairment of the property, plant and equipment of the Group were as follows :

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Office and other facilities</u>	<u>Lease improvements</u>	<u>Total</u>
Cost or deemed cost:							
Balance at January 1, 2025	\$ 346,639	1,127,552	504,374	5,908	52,454	23,921	2,060,848
Additions	-	310	4,325	-	-	7,824	12,459
Disposal and derecognition	-	(1,350)	(8,349)	-	(1,400)	-	(11,099)
Effects of movements in exchange rates	-	-	18	2	1	-	21
Balance at March 31, 2025	<u>\$ 346,639</u>	<u>1,126,512</u>	<u>500,368</u>	<u>5,910</u>	<u>51,055</u>	<u>31,745</u>	<u>2,062,229</u>
Balance at January 1, 2024	\$ 346,639	1,127,628	541,108	5,640	64,959	23,921	2,109,895
Additions	-	-	7,003	-	-	-	7,003
Disposal and derecognition	-	-	(685)	-	-	-	(685)
Effect of movements in exchange rates	-	-	149	12	6	-	167
Balance at March 31, 2024	<u>\$ 346,639</u>	<u>1,127,628</u>	<u>547,575</u>	<u>5,652</u>	<u>64,965</u>	<u>23,921</u>	<u>2,116,380</u>
Depreciation and impairments loss:							
Balance at January 1, 2025	\$ -	220,972	457,082	4,518	51,308	23,921	757,801
Depreciation	-	8,561	7,447	34	385	101	16,528
Disposal and derecognition	-	(1,350)	(8,349)	-	(1,400)	-	(11,099)
Effects of movements in exchange rates	-	-	19	1	1	-	21
Balance at March 31, 2025	<u>\$ -</u>	<u>228,183</u>	<u>456,199</u>	<u>4,553</u>	<u>50,294</u>	<u>24,022</u>	<u>763,251</u>
Balance at January 1, 2024	\$ -	185,878	476,165	4,056	60,351	23,921	750,371
Depreciation	-	9,082	9,152	96	1,115	-	19,445
Disposal and derecognition	-	-	(685)	-	-	-	(685)
Effects of movements in exchange rates	-	-	149	9	6	-	164
Balance at March 31, 2024	<u>\$ -</u>	<u>194,960</u>	<u>484,781</u>	<u>4,161</u>	<u>61,472</u>	<u>23,921</u>	<u>769,295</u>
Carrying amount:							
Balance at January 1, 2025	<u>\$ 346,639</u>	<u>906,580</u>	<u>47,292</u>	<u>1,390</u>	<u>1,146</u>	<u>-</u>	<u>1,303,047</u>
Balance at March 31, 2025	<u>\$ 346,639</u>	<u>898,329</u>	<u>44,169</u>	<u>1,357</u>	<u>761</u>	<u>7,723</u>	<u>1,298,978</u>
Balance at January 1, 2024	<u>\$ 346,639</u>	<u>941,750</u>	<u>64,943</u>	<u>1,584</u>	<u>4,608</u>	<u>-</u>	<u>1,359,524</u>
Balance at March 31, 2024	<u>\$ 346,639</u>	<u>932,668</u>	<u>62,794</u>	<u>1,491</u>	<u>3,493</u>	<u>-</u>	<u>1,347,085</u>

As of March 31, 2025, December 31 and March 31, 2024, the property, plant, and equipment of the Group had been pledged as collateral for long-term borrowings and credit lines ; please refer to note 8.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Right-of-use assets

- (i) The movements in cost, depreciation and impairment of leased buildings, construction and transportation equipment of the Group were as follows:

	<b>Buildings and construction</b>	<b>Transportation equipment</b>	<b>Total</b>
Cost:			
Balance at January 1, 2025	\$ 100,784	-	100,784
Additions	60,405	499	60,904
Decrease	<u>(100,784)</u>	<u>-</u>	<u>(100,784)</u>
Balance at March 31, 2025	<u><b>\$ 60,405</b></u>	<u><b>499</b></u>	<u><b>60,904</b></u>
Balance at January 1, 2024	\$ 101,679	1,309	102,988
Additions	2,697	-	2,697
Decrease	<u>(1,204)</u>	<u>-</u>	<u>(1,204)</u>
Balance at March 31, 2024	<u><b>\$ 103,172</b></u>	<u><b>1,309</b></u>	<u><b>104,481</b></u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2025	\$ 68,578	-	68,578
Depreciation	6,862	42	6,904
Decrease	<u>(73,408)</u>	<u>-</u>	<u>(73,408)</u>
Balance at March 31, 2025	<u><b>\$ 2,032</b></u>	<u><b>42</b></u>	<u><b>2,074</b></u>
Balance at January 1, 2024	\$ 49,922	872	50,794
Depreciation	5,030	109	5,139
Decrease	<u>(688)</u>	<u>-</u>	<u>(688)</u>
Balance at March 31, 2024	<u><b>\$ 54,264</b></u>	<u><b>981</b></u>	<u><b>55,245</b></u>
Carrying amount:			
Balance at January 1, 2025	<u><b>\$ 32,206</b></u>	<u><b>-</b></u>	<u><b>32,206</b></u>
Balance at March 31, 2025	<u><b>\$ 58,373</b></u>	<u><b>457</b></u>	<u><b>58,830</b></u>
Balance at January 1, 2024	<u><b>\$ 51,757</b></u>	<u><b>437</b></u>	<u><b>52,194</b></u>
Balance at March 31, 2024	<u><b>\$ 48,908</b></u>	<u><b>328</b></u>	<u><b>49,236</b></u>

- (ii) In March 2025, the Group terminated the lease of a building that had previously served as office premises. As a result, the right-of-use assets and lease liabilities decreased, and a gain of \$98 was recorded as “Gain on lease modification” in the consolidated statement of comprehensive income.
- (iii) The increase in right-of-use assets of the Group during the current period was primarily due to the early termination of the lease for a building, which previously served as office premises. Subsequently, a new lease agreement was entered into, with the lease term running from January 2025 to February 2030. For the related information of the Neihu office from the parent company, please refer to note 7.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Intangible assets

	<b>Patent</b>	<b>Computer software and others</b>	<b>Total</b>
Carrying amount:			
Balance at January 1, 2025	\$ <u>413</u>	<u>19,178</u>	<u>19,591</u>
Balance at March 31, 2025	\$ <u>358</u>	<u>18,409</u>	<u>18,767</u>
Balance at January 1, 2024	\$ <u>533</u>	<u>9,903</u>	<u>10,436</u>
Balance at March 31, 2024	\$ <u>555</u>	<u>9,358</u>	<u>9,913</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2025 and 2024. Information on amortization for the periods is disclosed in note 12. Please refer to note 6(i) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

(j) Long-term borrowings

The Group's long-term borrowings details, conditions, and provisions were as follows:

<b>March 31, 2025</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	NTD	1.475%~2.235%	June 2025~May 2033	\$ 498,344
Less: current portion				(68,495)
Total				<u>\$ 429,849</u>
Unused credit lines				<u>\$ 97,000</u>
<b>December 31, 2024</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	NTD	1.475%~2.235%	June 2025~May 2033	\$ 528,881
Less: current portion				(87,032)
Total				<u>\$ 441,849</u>
Unused credit lines				<u>\$ 97,000</u>
<b>March 31, 2024</b>				
	<b>Currency</b>	<b>Range of interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Secured loans	NTD	1.475%~2.235%	June 2025~May 2033	\$ 620,495
Less: current portion				(122,151)
Total				<u>\$ 498,344</u>
Unused credit lines				<u>\$ 97,000</u>

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) For the three months ended March 31, 2025 and 2024, the repayments of long-term borrowings both amounted to \$30,537.
- (ii) Information about the Group's risk exposure associated with interest rate, foreign currency, and liquidity is included in note 6(s).
- (iii) Please see note 8 for the Group's property pledged as collateral to secure the long-term borrowings.
- (k) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Current	\$ <u>11,608</u>	<u>19,201</u>	<u>20,821</u>
Non-current	\$ <u>47,357</u>	<u>13,034</u>	<u>28,724</u>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follow:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest expense on lease liabilities	\$ <u>382</u>	<u>253</u>
Expenses relating to short-term leases	\$ <u>170</u>	<u>238</u>
Cost of low-value leased assets	\$ <u>91</u>	<u>66</u>

The amounts recognized in the consolidated statement of cash flows for the Group was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	\$ <u>7,343</u>	<u>5,600</u>

- (i) Real estate leases

The Group leases buildings for its office space. The leases of office space typically run for a period of 3 to 5 years. Some leases included an option to renew the lease for an additional period of the same duration at the end of the lease term.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other leases

The Group leased transportation equipment with leased terms for 3 years.

The Group also leased photocopying equipment with leased periods of 3 to 4 years, and dormitories with leased periods of 4 to 12 months. These leases are short-term and leases of low value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Provisions

The Group's provision for warranty was for sales of products. Provision for warranty was estimated based on the historical warranty information on similar products or services. The Group expected that most of the cost would occur within 1 year after sales. There were no significant changes in provisions for the three months ended March 31, 2025 and 2024. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

For the three months ended March 31, 2025 and 2024, the expenses recognized in profit or loss for the Group both amounted to \$0.

(ii) Defined contribution plans

The Group's expenses for the pension plan under the defined contribution pension plan amounted to \$3,590 and \$3,443 for the three months ended March 31, 2025 and 2024, respectively, which were recorded as operating costs and expenses and were contributed to the Bureau of Labor Insurance.

In accordance with the regulations of the government of Mainland China, the subsidiaries in Mainland China pay monthly basic pension insurance premiums based on a certain percentage of the total wages of employees, which amounted to \$1,296 and \$1,020 for the three months ended March 31, 2025 and 2024, respectively.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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(n) Income taxes

(i) The components of income tax expense were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Current tax expense		
Current period	\$ 24	-
Deferred tax expense	-	-
Income tax expense	<u><u>\$ 24</u></u>	<u><u>-</u></u>

(ii) The income taxes of the Group in accordance with the laws of each country of registration, income taxes of the respective Group entities should be separately declared as a reporting unit, instead of combine declaration.

(iii) The income tax returns of the Company and Qianjin Investment Co., Ltd. have been examined and assessed by the tax authorities for the years through 2023.

(o) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the three months ended March 31, 2025 and 2024. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2024.

(i) Retained earnings

1) Earnings distribution and dividend policy

In accordance with the Company articles of incorporation, if there are earnings at year end, 10 percent should be set aside as legal reserve and special earnings reserve or reversal according to the Securities and Exchange Act and the Company operations after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of Directors can propose methods of distribution to be approved by the shareholders' meeting. Cash dividends, however, shall account for at least 10 percent of every distribution.

The Company incurred loss for the years ended December 31, 2024 and 2023, hence there was no distributable earning. The related information mentioned above can be found on websites such as the Market Observation Post System website.

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(p) Earnings (loss) per share

The Group's basic earnings (loss) per share were calculated as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Basic earnings (loss) per share (in New Taiwan Dollars)</b>		
Net loss attributable to ordinary shareholders of the Company	\$ <u>(15,930)</u>	<u>(68,407)</u>
Weighted-average number of outstanding ordinary shares (in thousand shares)	<u>330,780</u>	<u>330,780</u>
Basic loss per share (in New Taiwan Dollars)	\$ <u>(0.05)</u>	<u>(0.21)</u>
<b>Diluted earnings (loss) per share (in New Taiwan Dollars)</b>		
Net loss attributable to ordinary shareholders of the Company	\$ <u>(15,930)</u>	<u>(68,407)</u>
Weighted-average number of outstanding ordinary shares (in thousand shares)	<u>330,780</u>	<u>330,780</u>
Diluted loss per share (in New Taiwan Dollars)	\$ <u>(0.05)</u>	<u>(0.21)</u>

For the three months ended March 31, 2025 and 2024, the Group was not impacted by the effects of dilutive potential ordinary shares.

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Primary geographical markets:		
Asia	\$ 227,872	156,780
Europe	62,991	16,102
United States	98,720	42,254
Other	<u>29,003</u>	<u>19,631</u>
	<u>\$ 418,586</u>	<u>234,767</u>
Major products/ Service lines:		
Wired communication products	\$ 391,351	189,279
Wireless communication products	24,330	43,660
Repairs and maintenance revenues and others	<u>2,905</u>	<u>1,828</u>
	<u>\$ 418,586</u>	<u>234,767</u>

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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(ii) Contract balances

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Notes and trade receivables	\$ 459,674	431,791	257,593
Less: loss allowance	-	-	-
	<u><b>\$ 459,674</b></u>	<u><b>431,791</b></u>	<u><b>257,593</b></u>
Contract liabilities (recorded as other current liabilities)	<u><b>\$ 59,322</b></u>	<u><b>25,984</b></u>	<u><b>18,061</b></u>

For details on trade receivables and the impairment thereof, please refer to note 6(d).

The amounts of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the periods were \$267 and \$276, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute 3 to 10 percent of the profit as employee remuneration, and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated losses, the profit should be reserved to offset the losses. The recipients of shares and cash may include the employees of the affiliated companies who meet certain conditions stipulated by the Board of directors.

The Company incurred net loss before tax for the three months ended March 31, 2025 and 2024, and thus, the Company was not required to accrue any remuneration to its employees and directors.

Since the Company incurred accumulated losses for the years ended December 31, 2024 and 2023, no remunerations to employees and directors were accrued during the years. The related information mentioned above can be found on websites such as the Market Observation Post System website.

(s) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

1) Concentration of credit risk

As of March 31, 2025, December 31 and March 31, 2024, the trade receivables due from the customers whose sales contributed over 10% of the Group's operating revenue, occupied 87%, 89% and 92% of the Group's total trade receivables, respectively.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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2) Receivables and debt securities

For credit risk of trade receivable, please refer to note 6(d).

Other financial assets measured at amortized cost include other receivables and time deposits.

Debt investments at fair value through other comprehensive income include domestic bank bonds.

All of these financial assets are considered to have low risk; therefore, the allowance for credit losses is measured at the 12-month expected credit loss for the period. (For the related information, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2024.)

The movements in the allowance of other receivables for the three months ended March 31, 2025 and 2024, please refer to note 6(e).

For the three months ended March 31, 2025, the movement in the allowance for impairment loss on debt investments at fair value through other comprehensive income was unchanged.

(ii) Liquidity risk

The followings are the contractual maturities of financial liabilities, including the impact of estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
<b>March 31, 2025</b>					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 424,080	(424,080)	(424,080)	-	-
Other payables (including related parties)	105,016	(105,016)	(105,016)	-	-
Long-term borrowings (including current portion)	498,344	(546,171)	(78,738)	(57,115)	(410,318)
Lease liabilities (including current and non-current)	<u>58,965</u>	<u>(62,050)</u>	<u>(12,750)</u>	<u>(12,774)</u>	<u>(36,526)</u>
	<u><b>\$ 1,086,405</b></u>	<u><b>(1,137,317)</b></u>	<u><b>(620,584)</b></u>	<u><b>(69,889)</b></u>	<u><b>(446,844)</b></u>

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Trade payables (including related parties)	\$ 347,083	(347,083)	(347,083)	-	-
Other payables (including related parties)	114,574	(114,574)	(114,574)	-	-
Long-term borrowings (including current portion)	528,881	(579,545)	(97,665)	(57,384)	(424,496)
Lease liabilities (including current and non-current)	<u>32,235</u>	<u>(32,851)</u>	<u>(19,711)</u>	<u>(13,140)</u>	<u>-</u>
	<u><b>\$ 1,022,773</b></u>	<u><b>(1,074,053)</b></u>	<u><b>(579,033)</b></u>	<u><b>(70,524)</b></u>	<u><b>(424,496)</b></u>
<b>March 31, 2024</b>					
Non-derivative financial liabilities					
Trade payable (including related parties)	\$ 180,308	(180,308)	(180,308)	-	-
Other payables (including related parties)	87,732	(87,732)	(87,732)	-	-
Long-term borrowings (including current portion)	620,495	(680,478)	(134,307)	(78,738)	(467,433)
Lease liabilities (including current and non-current)	<u>49,545</u>	<u>(50,751)</u>	<u>(21,608)</u>	<u>(20,902)</u>	<u>(8,241)</u>
	<u><b>\$ 938,080</b></u>	<u><b>(999,269)</b></u>	<u><b>(423,955)</b></u>	<u><b>(99,640)</b></u>	<u><b>(475,674)</b></u>

The Group is not expecting the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: foreign currency in thousands

	<u>March 31, 2025</u>			<u>December 31, 2024</u>			<u>March 31, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets									
Monetary items									
USD	\$ 19,643	USD/NTD =33.182	651,794	15,794	USD/NTD =32.781	517,743	14,174	USD/NTD =31.990	453,426
USD	7,400	USD/CNY =7.2562	245,546	7,332	USD/CNY =7.1884	240,350	7,178	USD/CNY =7.2198	229,624
CNY	31,793	CNY/NTD =4.5729	145,387	18,077	CNY/NTD =4.560	82,436	12,211	CNY/NTD =4.43087	54,105

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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	March 31, 2025			December 31, 2024			March 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial liabilities									
Monetary items									
USD	10,196	USD/NTD =33.182	338,324	8,263	USD/NTD =32.781	270,869	4,521	USD/NTD =31.990	144,627
USD	-	USD/CNY =7.2562	-	6	USD/CNY =7.1884	197	142	USD/CNY =7.2198	4,543
CNY	5,286	CNY/NTD =4.5729	24,172	5,846	CNY/NTD =4.560	26,658	3,397	CNY/NTD =4.43087	15,052

The Group's exposure to foreign currency risk mainly arose from the translation of cash and cash equivalents, trade receivables (including related parties), other receivables, other current financial assets, trade payables and other payables (including related parties) denominated in foreign currency. Depreciation or appreciation of the USD and CNY against the functional currency by 5%, as of March 31, 2025 and 2024, with all other variables remained constant, would have increased or decreased the net loss before tax for the periods as follows:

	For the three months ended March 31,	
	2025	2024
	(Increase) decrease net loss before tax	(Increase) decrease net loss before tax
USD (against the NTD)		
Appreciation 5%	\$ 15,674	15,440
Depreciation 5%	(15,674)	(15,440)
USD (against the CNY)		
Appreciation 5%	12,277	11,254
Depreciation 5%	(12,277)	(11,254)
CNY (against the NTD)		
Appreciation 5%	6,061	1,953
Depreciation 5%	(6,061)	(1,953)

As the Group deals in diverse functional currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2025 and 2024, the foreign exchange gain, including realized and unrealized portions, amounted to \$7,515 and \$15,701, respectively.

2) Interest rate analysis

The Group's exposure to interest rate risk arising from financial assets and liabilities was as follows:

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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	<b>Carrying amount</b>		
	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Variable rate instruments:			
Financial assets	\$ 179,637	138,517	139,899
Financial liabilities	(498,344)	(528,881)	(620,495)
	<b>\$ (318,707)</b>	<b>(390,364)</b>	<b>(480,596)</b>

The following sensitivity analysis is based on the risk exposure to interest rates of non-derivative financial instruments at the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's net loss before tax would have increased or decreased by \$199 and \$300 for the three months ended March 31, 2025 and 2024, respectively. This is mainly due to the Group's demand deposits and borrowings at variable interest rates.

3) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income as illustrated below:

	<b>For the three months ended March 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Other comprehensive (loss) income, before tax</b>	<b>Profit or loss before tax</b>	<b>Other comprehensive (loss) income, before tax</b>	<b>Profit or loss before tax</b>
5% increase	\$ <u>4,877</u>	<u>14,518</u>	<u>5,054</u>	<u>6,353</u>
5% decrease	\$ <u>(4,877)</u>	<u>(14,518)</u>	<u>(5,054)</u>	<u>(6,353)</u>

(iv) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information on the fair value hierarchy, but excluding the optional information on financial instruments whose fair values approximate their carrying amounts and lease liabilities) were as follows:

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		March 31, 2025				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>						
Private stocks	\$	226,250	-	-	226,250	226,250
Domestic listed stocks		<u>64,101</u>	64,101	-	-	64,101
Subtotal		<u>290,351</u>				
<b>Financial assets at fair value through other comprehensive income</b>						
Domestic listed stocks		97,542	97,542	-	-	97,542
Domestic bank green bonds - P13 Taipei Fubon Bank 3		99,909	-	99,909	-	99,909
Trade receivables		<u>399,901</u>	-	-	-	-
Subtotal		<u>597,352</u>				
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents		1,098,597	-	-	-	-
Trade receivables (including related parties)		59,773	-	-	-	-
Other receivables (including related parties)		9,452	-	-	-	-
Other current financial assets		22,419	-	-	-	-
Guarantee deposits paid		<u>8,150</u>	-	-	-	-
Subtotal		<u>1,198,391</u>				
Total	\$	<u><u>2,086,094</u></u>				
<b>Financial liabilities measured at amortized cost:</b>						
Secured bank loans (including current portion)	\$	498,344	-	-	-	-
Trade payables (including related parties)		424,080	-	-	-	-
Other payables (including related parties)		105,016	-	-	-	-
Lease liabilities (including current and non-current)		<u>58,965</u>	-	-	-	-
Total	\$	<u><u>1,086,405</u></u>				

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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		December 31, 2024				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>						
Private stocks	\$	220,900	-	-	220,900	220,900
Domestic listed stocks		<u>62,035</u>	62,035	-	-	62,035
Subtotal		<u>282,935</u>	-	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>						
Domestic listed stocks		138,298	138,298	-	-	138,298
Domestic bank green bonds - P13 Taipei Fubon Bank 3		100,019	-	100,019	-	100,019
Trade receivables		<u>320,068</u>	-	-	-	-
Subtotal		<u>558,385</u>				
<b>Financial assets measured at amortized cost</b>						
Cash and cash equivalents		871,191	-	-	-	-
Trade receivables (including related parties)		111,723	-	-	-	-
Other receivables (including related parties)		11,825	-	-	-	-
Other financial assets-current		313,141	-	-	-	-
Guarantee deposits paid		<u>5,793</u>	-	-	-	-
Subtotal		<u>1,313,673</u>				
Total	\$	<u><u>2,154,993</u></u>				
<b>Financial liabilities measured at amortized cost:</b>						
Secured bank loans (including current portion)	\$	528,881	-	-	-	-
Trade payables (including related parties)		347,083	-	-	-	-
Other payables (including related parties)		114,574	-	-	-	-
Lease liabilities (including current and non-current)		<u>32,235</u>	-	-	-	-
Total	\$	<u><u>1,022,773</u></u>				

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		March 31, 2024			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Private stocks	\$ 127,050	-	-	127,050	127,050
<b>Financial assets at fair value through other comprehensive income</b>					
Domestic listed stocks	101,074	101,074	-	-	101,074
Trade receivables	157,459	-	-	-	-
Subtotal	258,533				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,196,685	-	-	-	-
Trade receivables (including related parties)	100,134	-	-	-	-
Other receivables (including related parties)	9,544	-	-	-	-
Other current financial assets	371,423	-	-	-	-
Guarantee deposits paid	5,801	-	-	-	-
Subtotal	1,683,587				
Total	\$ 2,069,170				
<b>Financial liabilities measured at amortized cost:</b>					
Secured bank loans (including current portion)	\$ 620,495	-	-	-	-
Trade payables (including related parties)	180,308	-	-	-	-
Other payables (including related parties)	87,732	-	-	-	-
Lease liabilities (including current and non-current)	49,545	-	-	-	-
Total	\$ 938,080				

2) Fair value valuation technique of financial instruments not measured at fair value

The Group's management considered that the disclosed carrying amounts of financial assets and financial liabilities measured at amortized cost approximated their fair values.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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3) Fair value valuation technique of financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

The Group measures the fair value of financial instruments that are traded in active markets by category and attribute as follows:

- The fair value of listed stocks of financial assets and liabilities traded in active markets is based on quoted market prices.

Except for the financial instruments with active markets mentioned above, for other financial instruments, like private placement stocks of listed companies and domestic bank bonds, the fair value is determined by the market quotations and valuation techniques, and is also determined by examining liquidity discounts or other valuation techniques, including models, which is calculated based on available market data (such as yield curves published by the Taiwan Exchange) at the reporting date.

The Group measures the fair value of financial instruments without an active market by category and attribute as follows:

- Unquoted equity instruments: The fair value is estimated measured using option pricing model (Black-Scholes model) and the liquidity discount model (Finnerty model), with the main assumption being based on the market price of the investees. The estimate has been adjusted for the discount impact of the lack of market liquidity in the equity securities.

4) Transfers between Level 1 and Level 2

There was no transfer between the different levels of fair value hierarchy for the three months ended March 31, 2025 and 2024.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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5) Reconciliation of level 3 fair values

	<b>Financial assets at fair value through profit or loss-non current</b>
Balance on January 1, 2025	\$ 220,900
Total gains or losses recognized:	
In profit or loss	5,350
Balance on March 31, 2025	<u>\$ 226,250</u>
Balance on January 1, 2024 (Same as March 31, 2024)	<u>\$ 127,050</u>

For the three months ended March 31, 2025 and 2024, total gains and losses that were included in “net gains on financial assets at fair value through profit or loss” were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Total gains and losses recognized		
In other comprehensive income, and presented in “net gains on financial assets at fair value through profit or loss”	\$ <u>5,350</u>	<u>-</u>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include financial assets at fair value through profit or loss- Private stock.

The Group’s equity investments without an active market which are classified as Level 3 have numerous unobservable inputs. The significant unobservable inputs of equity instrument investments are not correlated to each other.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
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Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through profit or loss- Private stock	<ul style="list-style-type: none"> <li>• Market Approach and Finnerty model are adopted at March 31, 2025 and December 31, 2024</li> <li>• Black-Scholes model and Finnerty model are adopted at March 31, 2024</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of market liquidity discount (15.89%、18.18% and 24.82%, respectively, as of March 31, 2025, December 31 and March 31, 2024)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the lack of market liquidity discount, the lower the fair value</li> </ul>

- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as Level 3, if the evaluation parameters change, the impact on the current period's profit or loss is as follows:

			Change in fair value through the current period's profit or loss	
	Inputs	Upward or downward movement	Favorable change	Unfavorable change
March 31, 2025				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>13,450</u>	<u>(13,450)</u>
December 31, 2024				
Non current financial assets at fair value through profit or loss	Lack of market liquidity discount	5%	\$ <u>13,500</u>	<u>(13,500)</u>
March 31, 2024				
Non current financial assets at fair value through profit or loss	Lack of market liquiditv discount	5%	\$ <u>8,450</u>	<u>(8,450)</u>

- (t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note (6)(t) of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2024. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2024. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2024 for further details.

(v) Investing and financial activities not affecting current cash flow

The Group's investing and financial activities, which did not affect the current cash flows for the three months ended March 31, 2025 and 2024, were as follows:

(i) The acquisition of right-of-use assets by leases, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2025</b>	<b>Cash Flow</b>	<b>Non-cash changes</b>		<b>March 31, 2025</b>
			<b>Addition</b>	<b>Lease modifications</b>	
Long-term borrowings (including current portion)	\$ 528,881	(30,537)	-	-	498,344
Lease liabilities (including current and non-current)	<u>32,235</u>	<u>(6,700)</u>	<u>60,904</u>	<u>(27,474)</u>	<u>58,965</u>
Total amount of liabilities arising from financing activities	<u><b>\$ 561,116</b></u>	<u><b>(37,237)</b></u>	<u><b>60,904</b></u>	<u><b>(27,473)</b></u>	<u><b>557,310</b></u>
			<b>Non-cash changes</b>		
	<b>January 1, 2024</b>	<b>Cash Flow</b>	<b>Addition</b>	<b>Lease modifications</b>	<b>March 31, 2024</b>
Long-term borrowings (including current portion)	\$ 651,032	(30,537)	-	-	620,495
Lease liabilities (including current and non-current)	<u>52,412</u>	<u>(5,043)</u>	<u>2,697</u>	<u>(521)</u>	<u>49,545</u>
Total amount of liabilities arising from financing activities	<u><b>\$ 703,444</b></u>	<u><b>(35,580)</b></u>	<u><b>2,697</b></u>	<u><b>(521)</b></u>	<u><b>670,040</b></u>

**(7) Related-party transactions:**

(a) The parent company and the ultimate controlling party

On April 1, 2023, D-Link Corporation, the parent company, acquired control of the Group, and D-Link Corporation is the ultimate controlling party of the Group, and has prepared the consolidated financial statements.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Names and relationship with related parties

The followings are related parties that had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
D-Link Corporation	Parent Company
D-Link International Pte Ltd. (D-Link International)	Subsidiary of D-Link Corporation
TeamF1 Networks Private Limited (TeamF1 India)	Subsidiary of D-Link Corporation
D-Link (Shanghai) Co.,Ltd. (D-Link (Shanghai))	Subsidiary of D-Link Corporation
AMIGO TECHNOLOGY INC.	Other related party
SAPIDO TECHNOLOGY INC.	Other related party
AMIT WIRELESS INC.	Other related party
TSG Hawks Baseball Co., Ltd.	Other related party
TSG TRANSPORT CORP.	Other related party
TSG Burger King Corporation	Other related party
TSG Sports Marketing Co., Ltd.	Other related party
Jia Jie Biomedical Co., Ltd.	Other related party
All Directors, general manager, and deputy general manager	Key management personnel

(c) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales by the Group to related parties and the outstanding balances were as follows:

	<u>Sales</u>		<u>Trade receivables due from related parties</u>		
	<u>For the three months ended March 31,</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
D-Link Corporation	\$ 261,596	108,667	307,596	268,941	128,579
D-Link (Shanghai)	82,683	28,020	92,305	51,127	28,880
Other related parties	-	61	-	30	65
	<u>\$ 344,279</u>	<u>136,748</u>	<u>399,901</u>	<u>320,098</u>	<u>157,524</u>

The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Purchases from related parties

The amounts of purchases by the Group from related parties and the outstanding balances were as follows:

	<b>Purchase</b>		<b>Payables to related parties</b>		
	<b>For the three months ended March 31,</b>		<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
Other related parties	\$ -	716	-	-	765

The payment terms for purchases from other related parties ranged from one to three months, which were not materially different from those agreed upon with third parties. Purchasing prices were based on general market price.

(iii) Payment to related parties

Miscellaneous expenses paid to related parties were as follows:

	<b>Miscellaneous expenses</b>		<b>Other payables</b>		
	<b>For the three months ended March 31,</b>		<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
D-Link Corporation	\$ 1,019	419	-	-	-
Other related parties	3,560	811	845	824	483
	<u>\$ 4,579</u>	<u>1,230</u>	<u>845</u>	<u>824</u>	<u>483</u>

(iv) Received from related parties

The advances and other income received from related parties are recorded as expense deductions and other income, and the outstanding balances are as follows:

	<b>Miscellaneous income</b>		<b>Other receivables-related parties</b>		
	<b>For the three months ended March 31,</b>		<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
D-Link Corporation	\$ 911	3,727	959	4,467	3,995
Other related parties	-	528	-	-	345
	<u>\$ 911</u>	<u>4,255</u>	<u>959</u>	<u>4,467</u>	<u>4,340</u>

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Lease

1) Lessor

Since November 1, 2021, the Company has leased part of the Tainan factory to its parent company, and the rent has been collected on a monthly basis, and the rental income (recorded as other income) for the three months ended March 31, 2025 and 2024 were both amounted to \$593. As of March 31, 2025 and 2024, the relevant amounts have been recovered.

2) Lessee

Starting from January 1, 2025, the Company entered into a five-year lease agreement with its parent company for its office space, with reference to the market rental rates in the surrounding area. The total amount is \$24,800. For the three months ended March 31, 2025, the interest expense of \$87 was recognized. As of March 31, 2025, the lease liability amounted to \$24,002.

(d) Key management personnel transactions

Key management personnel's compensation comprised:

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 4,132	4,169
Post-employment benefits	81	81
	<u>\$ 4,213</u>	<u>4,250</u>

**(8) Assets Pledged as security:**

The carrying amounts of the assets which the Group pledged as collateral were as follows:

Asset name	Pledged to secure	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant, and equipment—land	Long-term bank loans	\$ 346,639	346,639	346,639
Property, plant, and equipment— buildings and construction	Long-term bank loans	890,455	898,198	921,428
		<u>\$ 1,237,094</u>	<u>1,244,837</u>	<u>1,268,067</u>

**(9) Commitments and contingencies:**

As of March 31, 2025, the purchase commitments not performed amounted to \$508,726, which are non-cancelable purchase quantity contracts calculated based on the most recent purchase price.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

**(12) Other:**

- (a) The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

	For the three months ended March 31					
	2025			2024		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
<b>By item</b>						
Employee benefits						
Salary	34,869	52,742	87,611	32,272	45,601	77,873
Labor and health insurance	4,043	4,635	8,678	3,873	4,359	8,232
Pension	1,612	3,274	4,886	1,590	2,873	4,463
Others	3,737	2,821	6,558	3,554	2,523	6,077
Depreciation	13,990	9,442	23,432	16,499	8,085	24,584
Amortization	-	903	903	6	670	676

- (b) Discontinued operation

The Group's operations were not affected by seasonality or cyclical factors.

**(13) Other disclosures:**

- (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the three months ended March 31, 2025:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None.

(Continued)

**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iii) Material securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Private Stock-KING HOUSE CO., LTD.	Other related party	Non-current financial assets at fair value through profit or loss	5,000	226,250	2.96	226,250	Note 1
The Company	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through profit or loss	855	22,915	0.86	22,915	
The Company	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	1,232	34,496	0.53	34,496	
The Company	Domestic bank green bonds- P13 Taipei Fubon Bank 3	None	Non-current financial assets at fair value through other comprehensive income	-	99,909	-	99,909	Note 2
Qianjin Investment Co., Ltd.	D-Link Corporation	Parent Company	Non-current financial assets at fair value through other comprehensive income	5,434	97,542	0.90	97,542	
Qianjin Investment Co., Ltd.	TMP Steel Corporation	Other related party	Non-current financial assets at fair value through profit or loss	72	1,930	0.07	1,930	
Qianjin Investment Co., Ltd.	S-TECH CORP	Other related party	Non-current financial assets at fair value through profit or loss	170	4,760	0.07	4,760	

Note 1: King House CO., LTD. (formerly known as Ensure Global Corp., LTD.) has modified it's company name on May 2, 2024.

Note 2: Taipei Fubon Commercial Bank issued 3rd senior unsecured financial debentures in 2024 at par value of \$10,000 per debenture, the Group acquired 10 units of the debentures on September 16, 2024, with a total subscription amount of \$100,000.

- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
The Company	D-Link Corporation	Parent Company	Sale	(261,596)	(62) %	90 days after delivery	Note 1	Note 1	Trade receivables 307,596	67%	

Note 1: The collection period of goods sold by the Group to related parties was mainly 90 days after delivery and might be extended if necessary. For most third parties, the collection period was open account 60 days. The price for sales to the above related parties was determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

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## CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	D-Link Corporation	Parent Company	Trade receivables 307,596	3.63	-		109,461	-	

Note 1: Information as of April 25, 2025.

- (vi) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars and foreign currencies)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Huge Castle Ltd.	Suzhou Soarnex Technology Co., Ltd	3	Research and development expenses	6,638 (CNY1,472)	Not significantly different from the payment to ordinary vendors	2%
1	Suzhou Soarnex Technology Co., Ltd	Huge Castle Ltd.	3	Revenue	6,638 (CNY1,472)	Not significantly different from the payment to ordinary customers	2%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

- (i) "0" represents the Company  
(ii) Subsidiaries are numbered starting from "1".

Note 2: Categories of relationship are as below:

- 1 represents parent to subsidiary  
2 represents subsidiary to parent  
3 represents subsidiary to subsidiary

Note 3: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

- (b) Information on investees:

The following is the information on investees for the three months ended March 31, 2025 (excluding information on investees in Mainland China):

Unit: thousand shares

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Huge Castle Ltd.	Samoa	Investment holding	295,006	295,006	9,330	100 %	271,144	(8,483)	(8,483)	Note 1
The Company	Qianjin Investment Co., Ltd.	Taiwan	Investment holding	270,000	270,000	27,000	100 %	142,744	103	103	Note 1
	Less: Unrealized profits (losses) of affiliates							(45)			
								<u>413,843</u>		<u>(8,380)</u>	
Huge Castle Ltd.	Perfect Choice Co Ltd.	Mauritius	Investment holding and trading	-	-	-	- %	-	-	-	Notes 1 and 2
Huge Castle Ltd.	Luis Jo'se Investments Inc.	The British Virgin Islands	Investment holding	43,673	43,673	1,362	100 %	42,129	(6,030)	(6,030)	Note 1

Note 1: The transactions on the left has already been eliminated in the consolidated financial statements.

Note 2: Perfect Choice Co., Ltd. has been liquidated and cancelled by a resolution of the Board of Directors in April 2024, and has applied for cancellation of registration in May 2024, and it is expected to complete its liquidation in 2025.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of New Taiwan Dollars/foreign currencies)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance earnings as in current period	Note
					Outflow	Inflow							
Cameo Technology Development (Shenzhen) Co., Ltd.	R&D for communication technology and products	-	Indirect investments in Mainland China through companies registered in a third region.	10,718 (USD 323)	-	-	10,718 (USD 323)	NA	- %	NA	Note 3	-	Note 3
WIDE VIEW TECHNOLOGY INC.	R&D, production, and sale of electronic components	-	"	22,000 (USD 663)	-	-	22,000 (USD 663)	NA	- %	NA	Note 4	-	Notes 4
Suzhou Soarnex Technology Co., Ltd	Software development and software services for computer information systems	22,064 (CNY 5,000)	"	-	-	-	-	(6,442)	100 %	(6,442)	21,466	-	Notes 2 and 5

(ii) Upper limit on investment in Mainland China:

(In thousands of New Taiwan Dollars/foreign currencies)

Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
32,718 (US\$986)	36,766 (US\$1,108)	1,787,349

Note 1: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to NTD 33.182 at the end of reporting period.

Note 2: The investment income (loss) was recognized based on the financial statements prepared by the subsidiaries and not reviewed by the CPA.

Note 3: Cameo Technology Development (Shenzhen) Co., Ltd. completed its liquidation in March 2012, and the payment for shares of US\$177 thousand, was refunded to Huge Castle Ltd on November 28, 2013 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 4: WIDE VIEW TECHNOLOGY INC. completed its liquidation in September 2018, and the payment for shares of US\$740 thousand, was refunded to Luis Jo'se Investment Inc. on September 4, 2018 with the approval of the Investment Commission, Ministry of Economic Affairs.

Note 5: It was an investment by NETTECH TECHNOLOGY (SUZHOU) CO., LTD based in Mainland China through self-funding. In August 2019, NETTECH TECHNOLOGY transferred 100% of the shareholdings to Luis Jo'se Investment. NETTECH TECHNOLOGY (SUZHOU) CO., LTD has been liquidated and cancelled by a resolution of the board of directors in November 2022. The liquidation procedure had completed on August 31, 2023.

Note 6: The aforementioned transactions had been eliminated in the consolidated financial statements.

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**CAMEO COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Significant transactions:

Please refer to “Information on significant transactions” for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China for the three months ended March 31, 2025.

**(14) Segment information:**

The Group allocates resources, and measures operating performance based on regular reviews made by chief operating decision makers. The Group is a single operating segment primarily engaged in the manufacture, processing, and trading of network system equipment and the components thereof. The disclosure of income (loss), assets, and liabilities is consistent with the preparation of the consolidated financial statements. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2024.