

VSO ELECTRONICS CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT THEREON
DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2024 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

VSO Electronics Co., Ltd.

Chairman: Chien Chung Cheng

March 13, 2025

Independent Auditors' Report

To the Board of Directors and Shareholders of VSO Electronics Co., Ltd.

Opinions

We have audited the accompanying consolidated balance sheets of VSO ELECTRONICS CO., LTD. and its subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis of Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Occurrence of operating revenues

The Group develops, manufactures, and sells a variety of connecting cables for the Internet of Things, cloud, industrial control, medical, and automotive applications. Since the products are customized and developed according to the needs of customers, the occurrence or non-occurrence of the sales transactions related to the operating revenues from specific customers has a significant impact on the consolidated financial statements. Therefore, we have determined that the occurrence of the aforementioned customer-specific revenue is a material adjustment to our consolidated financial statements.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Understand and evaluate the effectiveness of internal control design and implementation in relation to the occurrence of consolidated revenue;
2. Sampling sales revenue details of specific customers, and verifying sales transactions by cross-referencing customer orders, shipping documents, sales invoices, and collection of accounts receivable.

Other Matter

We have audited and expressed an unmodified opinion on the parent company only financial statements of VSO Electronics Co., Ltd. as at and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated financial statements

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of ~6~ not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Yeh Shu-Chuan

Huang Kuo-Ning.

For and on behalf of Deloitte & Touche, Taiwan

March 13, 2025

Notice to Readers

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, Deloitte & Touche cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		Notes	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	4,6	\$ 320,793	13	\$ 523,015	28
1110	Financial assets at fair value through profit or loss-current	4,7,30	5,056	-	23,847	1
1136	Financial assets measured at amortized cost - current	8,30	338,208	14	85,887	5
1150	Notes receivable	4,9,23	8,052	-	2,038	-
1170	Accounts receivable	4,9,23	762,301	32	513,176	27
1180	Accounts receivable - related parties	4,9,23,31	41,681	2	35,271	2
1200	Other receivables	9,30	2,933	-	2,645	-
1220	Current tax assets	4,25	2,366	-	1,664	-
130X	Inventories	4,10	231,983	10	154,349	8
1470	Other current assets	16,21	<u>26,805</u>	<u>1</u>	<u>10,543</u>	<u>1</u>
11XX	Total current assets		<u>1,740,178</u>	<u>72</u>	<u>1,352,435</u>	<u>72</u>
Non-current assets						
1550	Investments accounted for under equity method	4,12	48,495	2	46,484	2
1600	Property, plant and equipment	4,13,28,32,33	417,009	17	368,947	20
1755	Right-of-use assets	4,14,32	120,477	5	31,299	2
1780	Intangible assets	4,15,33	23,302	1	20,105	1
1840	Deferred tax assets	4,25	9,052	1	9,585	-
1900	Other non-current assets	16,32	<u>42,082</u>	<u>2</u>	<u>48,742</u>	<u>3</u>
15XX	Total non-current assets		<u>660,417</u>	<u>28</u>	<u>525,162</u>	<u>28</u>
1XXX	Total assets		<u>\$ 2,400,595</u>	<u>100</u>	<u>\$ 1,877,597</u>	<u>100</u>
LIABILITIES AND EQUITY						
Current liabilities						
2100	Short-term borrowings	4,17	\$ 34,750	1	\$ 183,314	10
2130	Contract liabilities - current	23	1,042	-	370	-
2170	Accounts payable	4,18	371,451	16	265,550	14
2180	Accounts payable - related parties	4,31	2,531	-	616	-
2200	Other payables	4,19	286,133	12	235,666	13
2220	Other payables - related parties	4,31	701	-	635	-
2230	Current tax liabilities	4,25	14,148	1	38,959	2
2250	Provision for liabilities - current	4,20	2,107	-	1,309	-
2280	Lease liabilities - current	4,14	7,545	-	8,434	-
2300	Other current liabilities	4,19,23,18,31	<u>4,774</u>	<u>-</u>	<u>4,529</u>	<u>-</u>
21XX	Total current liabilities		<u>725,182</u>	<u>30</u>	<u>739,382</u>	<u>39</u>
Non-current liabilities						
2540	Long-term borrowings	4,17	9,853	1	-	-
2570	Deferred tax liabilities	4,25	74,317	3	54,153	3
2580	Lease liabilities - non-current	4,14	8,868	-	14,110	1
2640	Other non-current liabilities	4,19,28	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>
25XX	Total non-current liabilities		<u>93,143</u>	<u>4</u>	<u>68,263</u>	<u>4</u>
2XXX	Total liabilities		<u>818,325</u>	<u>34</u>	<u>807,645</u>	<u>43</u>
Equity		22				
Equity attributable to shareholders of the parent						
3110	Share capital - Common stock		<u>417,165</u>	<u>17</u>	<u>375,302</u>	<u>20</u>
3200	Capital surplus		<u>565,514</u>	<u>24</u>	<u>227,844</u>	<u>12</u>
	Retained earnings					
3310	Legal reserve		86,676	3	75,181	4
3320	Special reserve		52,481	2	40,666	2
3350	Unappropriated retained earnings		<u>402,057</u>	<u>17</u>	<u>315,846</u>	<u>17</u>
3300	Total retained earnings		<u>541,214</u>	<u>22</u>	<u>431,693</u>	<u>23</u>
3400	Other equity		(<u>34,451</u>)	(<u>1</u>)	(<u>52,481</u>)	(<u>3</u>)
31XX	Total equity attributable to shareholders of the parent		1,489,442	62	982,358	52
36XX	Non-controlling interests		<u>92,828</u>	<u>4</u>	<u>87,594</u>	<u>5</u>
3XXX	Total equity		<u>1,582,270</u>	<u>66</u>	<u>1,069,952</u>	<u>57</u>
Total liabilities and equity			<u>\$ 2,400,595</u>	<u>100</u>	<u>\$ 1,877,597</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(AMOUNTS IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

ITEMS		Notes	2024		2023	
			Amount	%	Amount	%
4000	Net operating income	4,23,31,36	\$ 2,162,996	100	\$ 1,816,150	100
5000	Operating costs	4,10,15,24,31	<u>1,570,608</u>	<u>73</u>	<u>1,366,501</u>	<u>75</u>
5900	Gross Profit		<u>592,388</u>	<u>27</u>	<u>449,649</u>	<u>25</u>
	Operating expenses	9,15,21,24,31				
6100	Selling expenses		104,168	5	92,540	5
6200	General and administrative expenses		168,970	8	143,665	8
6300	Research and development expenses		95,648	4	77,273	4
6450	Expected credit impairment gains		(<u>1,123</u>)	-	(<u>11,833</u>)	-
6000	Total operating expenses		<u>367,663</u>	<u>17</u>	<u>301,645</u>	<u>17</u>
6900	Net operating profit		<u>224,725</u>	<u>10</u>	<u>148,004</u>	<u>8</u>
	Non-operating gains and losses					
7100	Interest income	24	8,374	1	7,807	1
7010	Other income	4,24,28,31	4,222	-	6,379	-
7210	Other gains and losses	7,24,34	23,860	1	(828)	-
7050	Finance costs	24	(5,134)	-	(3,458)	-
7060	Share of profit of associates and joint ventures accounted for using the equity method		<u>1,526</u>	-	<u>978</u>	-
7000	Total non-operating income and expenses		<u>32,848</u>	<u>2</u>	<u>10,878</u>	<u>1</u>
7900	Net income before tax		257,573	12	158,882	9
7950	Income tax expense	4,25	(<u>60,258</u>)	(3)	(<u>35,142</u>)	(2)

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ITEMS	Notes	2024		2023	
		Amount	%	Amount	%
8200 Profit for the year		<u>197,315</u>	<u>9</u>	<u>123,740</u>	<u>7</u>
Other comprehensive income	21,22,25				
8310 Items that will not be reclassified to profit or loss					
8311 Gains on remeasurements of defined benefit plans		-	-	818	-
8349 Income tax relating to those items not to be reclassified to profit or loss		(87)	-	(163)	-
8360 Items that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		<u>19,878</u>	<u>1</u>	(<u>12,809</u>)	(<u>1</u>)
8300 Other comprehensive income, net of tax		<u>19,791</u>	<u>1</u>	(<u>12,154</u>)	(<u>1</u>)
8500 Total comprehensive income		<u>\$ 217,106</u>	<u>10</u>	<u>\$ 111,586</u>	<u>6</u>
Profit attributable to:					
8610 Shareholders of the parent		\$ 185,572	9	\$ 114,281	6
8620 Non-controlling interests		<u>11,743</u>	-	<u>9,459</u>	<u>1</u>
8600		<u>\$ 197,315</u>	<u>9</u>	<u>\$ 123,740</u>	<u>7</u>
Total comprehensive income attributable to:					
8710 Shareholders of the parent		\$ 203,515	9	\$ 103,121	6
8720 Non-controlling interests		<u>13,591</u>	<u>1</u>	<u>8,465</u>	-
8700		<u>\$ 217,106</u>	<u>10</u>	<u>\$ 111,586</u>	<u>6</u>
Earnings per share	26				
9710 Basic Earnings Per Share		<u>\$ 4.78</u>		<u>\$ 3.05</u>	
9810 Diluted Earnings Per Share		<u>\$ 4.74</u>		<u>\$ 3.01</u>	

The accompanying notes are an integral part of these consolidated financial statements.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent						Financial statements translation differences of foreign operations	Total	Non-controlling interests (Note 22)	Total equity
		Share capital - Common stock (note 22)		Capital surplus (Note 22)	Retained earnings (Notes 22 and 25)						
ITEMS		Number of shares (in thousands)	Amount		Legal reserve	Special reserve	Unappropriated retained earnings				
A1	Balance as of January 1, 2023	33,997	\$ 339,974	\$ 225,003	\$ 39,126	\$ -	\$ 464,954	(\$ 40,666)	\$ 1,028,391	\$ 94,347	\$ 1,122,738
	Appropriations of 2022 earnings										
B1	Legal reserve	-	-	-	36,055	-	(36,055)	-	-	-	-
B3	Special reserve	-	-	-	-	40,666	(40,666)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(153,279)	-	(153,279)	-	(153,279)
B9	Stock dividends	3,406	34,062	-	-	-	(34,062)	-	-	-	-
O1	Cash dividends from subsidiaries to shareholders with non-controlling interests	-	-	-	-	-	-	-	-	(15,200)	(15,200)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	18	-	18	(18)	-
N1	Compensation costs recognized for employee share options	-	-	955	-	-	-	-	955	-	955
N1	Common shares issued under employee stock option plan	127	1,266	1,886	-	-	-	-	3,152	-	3,152
D1	Consolidated profit for the year	-	-	-	-	-	114,281	-	114,281	9,459	123,740
D3	Other comprehensive income after tax for the year	-	-	-	-	-	655	(11,815)	(11,160)	(994)	(12,154)
Z1	Balance at December 31, 2023	37,530	375,302	227,844	75,181	40,666	315,846	(52,481)	982,358	87,594	1,069,952
	Appropriations of 2023 earnings										
B1	Legal reserve	-	-	-	11,495	-	(11,495)	-	-	-	-
B3	Special reserve	-	-	-	-	11,815	(11,815)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(75,921)	-	(75,921)	-	(75,921)
C17	Exercise of vesting rights	-	-	928	-	-	-	-	928	-	928
E1	Cash Capital Increase	3,660	36,600	328,977	-	-	-	-	365,577	-	365,577
O1	Cash dividends from subsidiaries to shareholders with non-controlling interests	-	-	-	-	-	-	-	-	(8,400)	(8,400)
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	(43)	-	(43)	43	-
N1	Compensation costs recognized for employee share options	-	-	2,129	-	-	-	-	2,129	-	2,129
N1	Common shares issued under employee stock option plan	526	5,263	5,636	-	-	-	-	10,899	-	10,899
D1	Consolidated profit for the year	-	-	-	-	-	185,572	-	185,572	11,743	197,315
D3	Other comprehensive income after tax for the year	-	-	-	-	-	(87)	18,030	17,943	1,848	19,791
Z1	Balance of December 31,2024	41,716	\$ 417,165	\$ 565,514	\$ 86,676	\$ 52,481	\$ 402,057	(\$ 34,451)	\$ 1,489,442	\$ 92,828	\$ 1,582,270

The accompanying notes are an integral part of these consolidated financial statements.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ITEMS	2024	2023
	Net cash flows from operating activities		
A10000	Net profit for the year before tax	\$ 257,573	\$ 158,882
	Gain/loss items:		
A20100	Depreciation expense	53,213	48,886
A20200	Amortization expense	9,262	6,421
A20300	Expected Credit Impairment Rebound		
	Benefits	(1,123)	(11,833)
A20400	Net loss on financial assets at fair value		
	through profit or loss	729	399
A20900	Finance Costs	5,134	3,458
A21200	Interest income	(8,374)	(7,807)
A21900	Share-based compensation cost	2,129	955
A22300	Equity-method share of profit or loss of a		
	related party	(1,526)	(978)
A22500	Disposal of (interest in) loss of real estate,		
	plant and equipment	(475)	5
A23100	Disposal of investment losses	-	6,673
A23700	Inventory decline and obsolescence loss	-	8,021
A23800	Benefits from inventory decline and slow-		
	moving inventory rebound	(22,327)	-
	Government subvention income	(349)	-
A29900	Lease Modification of Interest	-	(18)
A30000	Net changes in operating assets and liabilities		
A31130	Notes Receivable	(5,928)	811
A31150	Accounts receivable	(242,585)	95,809
A31160	Accounts receivable - related parties	(5,647)	13,846
A31180	Other receivables	(1)	75,350
A31200	Inventory	(50,479)	26,039
A31220	Prepaid Pension	373	-
A31240	Other current assets	(16,309)	4,697
A31990	Other non-current assets	(378)	(86)
A32110	Financial liabilities held for trading	(872)	(1,485)
A32125	Contractual liabilities	666	(353)
A32150	Accounts payable	99,901	(18,864)
A32160	Accounts payable - related parties	1,884	402
A32180	Other payables	40,177	(22,308)
A32190	Other payables - related parties	55	656
A32200	Provision for liabilities	776	404
A32230	Other current liabilities	212	202
A32240	Net Defined Benefit Liability	-	(8,643)
A33000	Cash generated from operations	115,711	379,541
A33500	Payment of income tax	(65,306)	(90,780)
AAAA	Net cash inflow from operating activities	<u>50,405</u>	<u>288,761</u>
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value		
	through profit or loss	(7,500)	(318,367)
B00200	Disposal of financial assets at fair value		
	through profit or loss	26,434	317,622

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	ITEMS	2024	2023
B00040	Acquisition of financial assets measured at amortized cost	(401,199)	(119,462)
B00050	Disposal of financial assets measured at amortized cost	150,044	47,326
B02700	Acquisition of real estate, plant and equipment	(103,737)	(74,094)
B02800	Disposal of property, plant and equipment	1,052	-
B03700	Decrease in refundable deposits	2,070	165
B04500	Acquisition of intangible assets	(12,227)	(13,180)
B05350	Acquisition of right-to-use assets	(65,411)	-
B07300	Prepaid royalty assets	-	(30,232)
B07500	Interest received	8,106	7,509
B07600	Receipt of dividends from subsidiaries	<u>1,097</u>	<u>1,987</u>
BBBB	Net cash outflow from investing activities	(<u>401,271</u>)	(<u>180,726</u>)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	240,996	183,314
C00200	Decrease in short-term borrowings	(389,310)	(74,718)
C01700	Repayment of long-term borrowings	10,000	(42,694)
C04020	Lease principal repayment	(9,482)	(10,393)
C04500	Cash Dividend	(75,921)	(153,279)
C05800	Payment of cash dividends to shareholders of noncontrolling interests	(8,400)	(15,200)
C04600	Cash Capital Increase	365,577	-
C04800	Employee-Executed Stock Options	10,899	3,152
C05600	Interest paid	(5,396)	(3,347)
C09900	Exercise of vesting rights	<u>928</u>	<u>-</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>139,891</u>	(<u>113,165</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>8,753</u>	(<u>8,216</u>)
EEEE	Net decrease in cash and cash equivalents	(202,222)	(13,346)
E00100	Cash and cash equivalents at beginning of year	<u>523,015</u>	<u>536,361</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 320,793</u>	<u>\$ 523,015</u>

The accompanying notes are an integral part of these consolidated financial statements.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

January 1 to December 31, 2024 and 112, R.O.C.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. HISTORY AND ORGANIZATION

VSO Electronics Co., Ltd. (the "Company") was established on August 13, 1994, and its main business is the sale of various kinds of connecting wires for intelligent Internet of Things, cloud, industrial control, medical and automotive applications.

On September 28, 2022, the Company was approved by the Taipei Exchange for a public offering of stock and since October 1, 2024, the Company has been traded over the counter on the Taipei Exchange.

The accompanying consolidated financial statements are expressed in New Taiwan dollars, the functional currency of the Company.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 13, 2025.

3. Newly Issued or Revised Standards and Interpretations

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" – the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date of adoption and issuance of this Consolidated Financial Statements, the Consolidated Company assessed that the amendments to the above standards and interpretations did not have a significant impact on the Consolidated Company's consolidated financial position and consolidated financial performance.

(3) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"- the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not available
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 -Comparative Information"	January 1, 2023

IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

(2) Basis of Preparation

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

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

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

(3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months from the balance sheet date; and

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

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months from the balance sheet date, and
3. Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

(4) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The consolidated statements of income incorporate the operating income or loss of the acquired or disposed subsidiaries for the current period from the date of acquisition or up to the date of disposal. The financial statements of subsidiaries have been adjusted to conform their accounting policies to those of the Consolidated Company. In preparing the consolidated financial statements, all intercompany transactions, account balances, gains and losses have been eliminated. The consolidated total profit or loss of the subsidiaries is attributed to the owners of the Company and the noncontrolling interests, even if the noncontrolling interests become a deficit balance as a result.

When a change in the Consolidated Company's ownership interest in a subsidiary does not result in a loss of control, the transaction is accounted for as an equity transaction. The carrying amounts of the Consolidated Company and noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between the adjusted amount of noncontrolling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

For details of subsidiaries, shareholding ratios and operating items, see Note 11 and Schedules VII and VIII.

(5) Business Combinations

Business combinations are accounted for by the acquisition method. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are acquired.

Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree over the net amount of identifiable assets acquired and liabilities assumed at the acquisition date.

The Company has a present ownership interest in the acquiree and will be entitled to a pro rata share of the acquiree's assets in the event of liquidation.

The non-controlling interest in the net assets of the acquiree is recognized as its share of the acquiree's identifiable net assets.

Other noncontrolling interests are measured at fair value. Other noncontrolling interests are measured at fair value.

(6) Foreign Currency

When preparing financial statements, each entity records transactions in currencies other than the entity's functional currency (foreign currencies) at the exchange rates prevailing on the transaction dates.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the delivery or translation of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are included in profit or loss for the current period except for those that are classified as changes in fair value recognized in other comprehensive income.

Non-monetary items carried at historical cost in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not retranslated. In preparing the consolidated financial statements, assets and liabilities of foreign operations (including subsidiaries and affiliates that operate in countries or with currencies different from the Company's) are translated into New Taiwan dollars at the exchange rates prevailing at each balance sheet date. Gains and losses are translated at average exchange rates for the period, and the resulting

exchange differences are included in other comprehensive income and are attributable to the Company's owners and noncontrolling interests, respectively. If the Consolidated Company disposes of all of its interest in a foreign operating entity, or disposes of a portion of its interest in a subsidiary of a foreign operating entity but loses control over it, or disposes of a retained interest in a foreign operating entity that is a financial asset and is accounted for in accordance with the accounting policy for financial instruments, the cumulative translation differences attributable to the owners of the Company and related to the foreign operating entity will be reclassified to profit or loss.

If the partial disposal of a foreign operation does not result in a loss of control, the cumulative translation differences are proportionately included in equity transactions but not recognized in profit or loss. In the case of any other partial disposal of a foreign operation, the cumulative translation differences are reclassified to profit or loss on a pro rata basis.

(7) Inventory

Inventories consist of raw materials, finished goods, work-in-process and merchandise. Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price under normal circumstances, less the estimated costs to complete and the estimated costs to sell. The cost of inventories is determined using the weighted-average method.

(8) Investments in Associates and Joint Ventures

Associates are companies over which the Consolidated Company has significant influence but which are not subsidiaries or joint ventures.

The Consolidated Company adopts the equity method of accounting for its investments in affiliated entities.

Under the equity method, an investment in an associate company is initially recognized at cost, and its carrying amount increases or decreases with the Consolidated Company's share of the income or loss of the associates company and other comprehensive income or loss, as well as with the appropriation of profits. In addition, changes in the Consolidated Company's equity in an associate company are recognized in proportion to the Consolidated Company's ownership percentage.

The excess of the cost of acquisition over the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the related party at

the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not subject to amortization; the excess of the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the related party over the cost of acquisition at the date of acquisition is recognized in profit or loss for the current period.

The Consolidated Company ceases to recognize further losses when the Consolidated Company's share of losses in an associated company equals or exceeds its interest in the associated company (including the carrying amount of the investment in the associated company under the equity method and other long-term interests that are, in substance, components of the Consolidated Company's net investment in the associated company). The Consolidated Company recognizes additional losses and liabilities only to the extent that legal or constructive obligations have been incurred or payments have been made on behalf of the related party.

In assessing impairment, the Consolidated Company tests for impairment by treating the entire carrying amount of an investment, including goodwill, as a single asset and comparing the recoverable amount to the carrying amount. The impairment loss recognized is not allocated to any assets, including goodwill, that form an integral part of the carrying amount of the investment. Any reversal of the impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investment.

The Consolidated Company ceases to adopt the equity method of accounting on the date its investment ceases to be an affiliate. The Consolidated Company's retained interest in the former affiliate is measured at fair value, and the difference between the fair value and the disposal price and the carrying amount of the investment on the date the equity method is no longer adopted is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to an affiliated company are accounted for on the same basis as if the affiliated company had directly disposed of the related assets or liabilities. If an investment in an affiliated company becomes a joint venture, or if an investment in a joint venture becomes an investment in an affiliated company, the Consolidated Company continues to adopt the equity method of accounting without remeasuring the retained interest.

Gains or losses resulting from countercurrent, downstream and sidecurrent transactions between the Consolidated Company and its affiliates are recognized in the consolidated financial statements only to the extent that they are not related to the Consolidated Company's interest in the affiliates.

(9) Property, Plant and Equipment

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

Except for owned land, which is not depreciated, property, plant and equipment are depreciated separately and individually on a straight-line basis over their useful lives for each significant portion. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at each year-end and defers the effects of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible assets

1. Intangible assets acquired separately

Separately acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Consolidated Company reviews the estimated useful lives, residual values and amortization methods at least at each year-end and defers the effects of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Derecognition of intangible assets

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(11) Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties and Intangible Assets Other Than Goodwill

The Consolidated Company evaluates at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If any such indication exists, the recoverable

amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

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

When an impairment loss is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization) had the asset or cash-generating unit not been exposed to the impairment loss in prior years. The reversal of an impairment loss is recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Consolidated Company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are recognized initially, if the financial assets or financial liabilities are not at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

Customary transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement Type

The types of financial assets held by the Consolidated Company are financial assets at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss on a mandatory basis and financial assets designated as at fair value through profit or loss. Financial assets at fair value through profit or loss include the Consolidated Company's investments in equity instruments that are not designated as at fair value through other comprehensive income or loss and investments in debt instruments that do not meet the criteria for classification as at amortized cost or at fair value through other comprehensive income or loss.

Financial assets at fair value through profit or loss are measured at fair value, with gains or losses arising from remeasurement recognized in other gains and losses. Please refer to Note 30 for the method of determining fair value.

B. Financial assets measured at amortized cost

Investments in financial assets of the Consolidated Company are classified as financial assets measured at amortized cost if both of the following two conditions are satisfied

- a. Held under an operating model whose objective is to hold financial assets to receive contractual cash flows;
- b. The terms of the contract generate cash flows on a specific date that are solely payments of principal and interest on the outstanding principal amount.

Financial assets carried at amortized cost (including cash and cash equivalents, time deposits with original maturities greater than three months, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, and refundable deposits) are measured at amortized cost using the effective interest method after the original recognition of financial assets, less any impairment loss. Any gain or loss on foreign currency translation is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets.

Credit-impaired financial assets are financial assets that are impaired because the issuer or debtor has experienced significant financial difficulty, default, it is probable that the debtor will enter bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared as a result of financial difficulty.

The cash equivalents include time deposits that are highly liquid, readily convertible to fixed cash and subject to an insignificant risk of changes in value within three months from the date of acquisition, which are used to meet short-term cash commitments.

(2) Impairment of financial assets

The Consolidated Company evaluates impairment losses on financial assets (including accounts receivable) measured at amortized cost at each balance sheet date based on expected credit losses.

An allowance for credit losses is recognized on the basis of expected credit losses in the current period. Other financial assets are evaluated to determine whether there has been a significant increase in credit risk since the initial recognition, and if not, an allowance for losses is recognized based on the expected credit losses over the 12-month period; if not, an allowance for losses is recognized based on the expected credit losses over the remaining period.

Expected credit losses are weighted-average credit losses that are based on the risk of default. 12-month expected credit losses represent expected credit losses arising from probable defaults of the financial instruments within 12 months from the reporting date, while ongoing expected credit losses represent expected credit losses arising from all probable defaults of the financial instruments during the expected duration of the financial instruments.

For the purpose of internal credit risk management, the Consolidated Company determines that the following conditions represent defaults on financial assets without considering the collaterals held:

- A. There is internal or external information that indicates that the debtor is unlikely to be able to settle the debt.

B. More than 120 days past due, unless there is reasonable and supportable information indicating that an extended basis of default is more appropriate.

Impairment losses on financial assets are recognized by reducing the carrying amount of the financial assets through the use of an allowance account.

(3) Derivatives of Financial Assets

The Consolidated Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets expire or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

If the Consolidated Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset and retains control of the asset, the asset is recognized on a continuing basis to the extent of continuing involvement in the asset and the related liability is recognized for the amount that may have to be paid. If the Consolidated Company retains substantially all the risks and rewards of ownership of the financial asset, the asset is recognized on an ongoing basis and the consideration received is recognized as a secured loan.

When a financial asset measured at amortized cost is derecognized from the balance sheet, the difference between the carrying amount and the consideration received is recognized in profit or loss.

2. Equity instruments

Equity instruments issued by the Consolidated Company are recognized at the acquisition price less direct issue costs.

3. Financial liabilities

(1) Follow-up Measurement

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

(2) Deductions from financial liabilities

When a financial liability is derecognized, the difference between its carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized as profit or loss.

4. Derivatives

The Consolidated Company enters into derivatives, including forward exchange contracts, to manage the Consolidated Company's exposure to exchange rate risk.

Derivatives are initially recognized at fair value at the time a derivative contract is entered into and are subsequently remeasured at fair value at the balance sheet date. Gains or losses arising from subsequent remeasurements are recognized directly in profit or loss, except for derivatives that are designated as effective hedging instruments, for which the point at which the derivative is recognized in profit or loss will depend on the nature of the hedging relationship. When the fair value of a derivative is positive, it is recognized as a financial asset; when the fair value is negative, it is recognized as a financial liability.

Derivatives that are embedded in master contracts for assets within the scope of IFRS 9 are used to determine the classification of the financial assets as a whole contract. Derivatives that are embedded in a host contract for assets not within the scope of IFRS 9 (e.g., embedded in a host contract for financial liabilities) are considered to be stand-alone derivatives if the embedded derivatives meet the definition of derivatives, the risks and characteristics of the embedded derivatives are not closely related to those of the host contract, and the hybrid contract is not measured at fair value through profit or loss.

(13) Provision for liabilities

The amount recognized as provision for liabilities is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. The provision for liabilities is measured at the discounted cash flow value of the obligation.

Warranty obligations for products conforming to the specifications agreed upon are based on management's best estimate of the expenditures required to settle the obligations of the Consolidated Company and are recognized when the related merchandise is recognized as revenue.

(14) Revenue Recognition

The Consolidated Company allocates the transaction price to each performance obligation after the customer contract identifies the performance obligation and recognizes revenue when each performance obligation is satisfied.

For contracts with a time lag of one year or less between the date of transfer and the date of receipt of consideration, the significant financial components are not adjusted to the transaction price.

Revenue from sales of goods

Revenues from merchandise sales are derived from the sales of various connecting wire products for the Internet of Things, cloud computing, industrial control, medical and automotive applications, optical automotive 3C applications, and engineering plastics. The Consolidated Company recognizes revenue and accounts receivable at the point in time when the above products are sold under mutually agreed terms of trade because the customer has the right to set the price and use the merchandise, and has the primary responsibility to re-sell the merchandise and bears the risk of the merchandise becoming obsolete. Receipts in advance for merchandise sales are recognized as contractual liabilities until the products are delivered. In accordance with commercial practice, the Consolidated Company recognizes a liability for refunds based on the most probable amount of discounts estimated by the Consolidated Company on the basis of the past year's transaction history between the Consolidated Company and some of the sales customers.

(15) Lease

The Consolidated Company evaluates whether a contract is (or contains) a lease at the inception date.

Consolidated Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of undervalued underlying assets for which the recognition exemption applies and short-term leases for which lease payments are recognized as an expense over the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost, which includes the original measurement of the lease liability, and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for the remeasurement of the lease liability. The right-of-use assets are presented separately in the consolidated balance sheet.

Assets in use are depreciated on a straight-line basis over the earlier of the lease commencement date, the useful life of the asset, and the lease term.

Lease liabilities are measured initially at the present value of the lease payments, including fixed benefits. If the interest rate implicit in the lease is readily determinable, the lease payments are discounted using that rate. If the interest rate is not readily determinable, the lessee's incremental borrowing rate is used. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to a change in the lease term or in an index or rate used to determine lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly, but if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheet.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included as part of the cost of that asset until substantially all activities necessary to bring the asset to its intended use or sale have been completed.

Investment income earned on specific borrowings that are temporarily invested before the qualifying capital expenditures are incurred is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(17) Government Subvention

Government grants are recognized only when there is reasonable assurance that the Consolidated Company will comply with the conditions attached to the government grant and that the grant will be received.

Government grants related to revenues are recognized as a reduction of related costs or other revenues on a systematic basis over the period in which the costs they are intended to compensate are recognized as expenses by the Consolidated Company. Government grants that are contingent upon the Consolidated Company acquiring a noncurrent asset by purchase, construction or other means are recognized as a reduction of the carrying amount of the noncurrent asset, and are recognized in profit or loss over the useful life of the asset by reducing the depreciation or amortization expense of the noncurrent asset.

Government grants are recognized in profit or loss in the period in which they become receivable if the grants are intended to compensate for expenses or losses already incurred or are for the purpose of providing immediate financial support to the Consolidated Company and have no future related costs.

(18) Employee Benefits

1. Short-term Employee Benefits

The liabilities related to short-term employee benefits are measured at the undiscounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The defined contribution pension plan is recognized as an expense in the amount of pension contribution payable during the employees' service period.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost, prior service cost, and settlement gain or loss) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense when they are incurred, when the plan is amended or curtailed, and when the settlement occurs. Remeasurements (including actuarial gains and losses, the effect of asset ceilings and return on plan assets net of interest) are recognized in other comprehensive income and included in retained earnings when incurred, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the defined benefit retirement plan's contribution deficiency (residual). The net defined benefit

asset may not exceed the present value of the contributions refunded from the plan or reduce future contributions.

(19) Employee stock options

1. Employee stock options granted to employees.

Employee stock options are recognized as expense on a straight-line basis over the vesting period based on the fair value determined at the date of grant and the best estimate of the number of shares expected to be vested, with a corresponding adjustment to capital surplus - employee stock options. If the options are vested immediately on the date of grant, the full amount is recognized as expense on the date of grant.

The Consolidated Company revises the estimated number of employee stock options expected to be vested at each balance sheet date. If the estimated number of employee stock options is revised, the effect is recognized in profit or loss so that the cumulative expense reflects the revised estimate, and capital surplus - employee stock options is adjusted accordingly.

2. Equity-Settled Share-Based Payment Agreement for Employees of Subsidiaries

Employee stock options granted to employees of subsidiaries and settled by the Company's equity instruments are regarded as capital contributions to subsidiaries and are measured at the fair value of the equity instruments on the date of grant and recognized as an increase in the carrying amount of the investment in subsidiaries during the vesting period, with a corresponding adjustment to capital surplus - employee stock options.

(20) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The Consolidated Company determines the current income (loss) in accordance with the laws and regulations of each jurisdiction in which the Consolidated Company files income tax returns, and calculates the amount of income tax payable (recoverable) accordingly.

The additional income tax on undistributed earnings computed in accordance with the Income Tax Act of the ROC is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments of prior years' income tax payable are included in current income tax.

2. Deferred income tax

Deferred income tax is calculated on temporary differences arising from the carrying amounts of assets and liabilities and the tax bases used to calculate taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is more likely than not that taxable assets will be available against which deductible temporary differences can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and affiliates, except where the Consolidated Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that there will be sufficient taxable income against which to realize the temporary differences and it is probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered. The carrying amount of deferred income tax assets not previously recognized is reviewed at each balance sheet date and increased to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Company expects to

recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss. However, current and deferred income taxes related to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

If the current income tax or deferred income tax is generated from the acquisition of the Consolidated Company, the income tax effect is included in the accounting treatment of the investment in the Consolidated Company.

5. **MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the process of adopting accounting policies, the Consolidated Company is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies, estimates and underlying assumptions used by the Consolidated Company have been evaluated by the Consolidated Company's management and there are no significant accounting judgments, estimates and assumptions that are uncertain.

6. **Cash and cash equivalents**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash in hand and petty cash	\$ 685	\$ 691
Bank Demand Deposit	167,942	239,484
Cash equivalent		
Time deposits with original maturity of less than 3 months	<u>152,166</u>	<u>282,840</u>
	<u>\$320,793</u>	<u>\$523,015</u>

The interest rate range for bank deposits at the balance sheet date was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank Deposit	0.002% ~ 4.50%	0.001% ~ 5.200%

7. Financial assets at fair value through profit or loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets - liquidity</u>		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
-Beneficiary Certificates	<u>\$ 5,056</u>	<u>\$ 23,847</u>

The Consolidated Company had no outstanding forward exchange contracts for the years ended December 31, 2024 and 2023. The purpose of engaging in forward exchange contracts is to hedge the risks arising from changes in foreign exchange rates on foreign-currency assets and liabilities; however, hedge accounting is not applicable because the Consolidated Company does not meet the criteria for an effective hedge.

Losses on financial assets at fair value through profit or loss amounted to \$(729) thousand and \$(399) thousand for the years ended December 31, 2024 and 2023, respectively.

8. Financial assets measured at amortized cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Mobility</u>		
Time deposits with original maturity over 3 months	\$ -	\$ 85,887
Bonds with Repurchase	<u>338,208</u>	<u>-</u>
	<u>\$ 338,208</u>	<u>\$ 85,887</u>
Total Carrying Amount	\$ 338,208	\$ 85,887
Allowance for losses	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 338,208</u>	<u>\$ 85,887</u>

The coupon rate on the bonds purchased with repurchase at December 31, 2024 was 1.73%.

As of December 31, 2023, the market interest rates on time deposits with original maturities over 3 months ranged from 1.40% to 4.70% per annum.

The credit risks of financial instruments such as bank deposits and bonds under repurchase agreements are measured and monitored by the finance department. The Consolidated Company selects counter-parties and performing parties as banks and brokerage firms with good credit ratings.

9. notes receivable, accounts receivable (including related parties) and other receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes Receivable</u>		
Occurred as a result of operations	\$ 8,052	\$ 2,038
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 8,052</u>	<u>\$ 2,038</u>
<u>Accounts receivable</u>		
Total Carrying Amount	\$764,984	\$516,867
Less: Allowance for losses	(<u>2,683</u>)	(<u>3,691</u>)
	762,301	513,176
<u>Accounts receivable - related parties</u>		
	<u>41,681</u>	<u>35,271</u>
	<u>\$803,982</u>	<u>\$548,447</u>
<u>Other receivables</u>		
Others	<u>\$ 2,933</u>	<u>\$ 2,645</u>

(i) Notes Receivable

The Consolidated Company's average days to realize notes receivable are 10 to 105 days. To mitigate credit risk, the Consolidated Company reviews the recoverable amount of notes receivable on each balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible notes receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company recognizes an allowance for losses on notes receivable based on the expected credit losses over the life of the notes. Expected credit losses over the life of the notes receivable are based on the customer's past default history, current financial condition, and industry economic conditions. As of December 31, 2024 and 2023, the aging of the notes receivable was not past due and the expected credit loss ratio was 0%.

(ii) Accounts receivable

The Consolidated Company's average credit period for merchandise sales ranges from 30 to 145 days per month. Accounts receivable are non-interest-bearing. In order to maintain the quality of receivables, the Consolidated Company has established procedures to manage credit risk associated with its operations. The Consolidated Company's risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, such

as the customer's financial condition, aging analysis, and historical transaction history. The Consolidated Company also utilizes certain credit enhancement tools, such as requesting customers to prepay for goods, to reduce the credit risk of specific customers when appropriate.

In addition, the Consolidated Company reviews the recoverable amount of accounts receivable individually at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible accounts receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company recognizes an allowance for losses on accounts receivable based on the expected credit loss over the life of the accounts receivable. Expected credit losses for the current period are calculated using an allowance matrix, which takes into account the customers' past default records, current financial conditions and the economic situation of the industry. The Consolidated Company categorizes customers into different risk groups based on historical experience and customers' individual financial conditions. The Consolidated Company applies different allowance matrices for each customer group and determines the expected credit loss rate based on the number of days past due for accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company does not have a reasonable expectation of recovery, such as when the counterparty is in the process of liquidation, the Consolidated Company will write off the receivable directly, but will continue to pursue the receivable, and the amount recovered will be recognized in profit or loss.

The Consolidated Company's allowance for losses on accounts receivable (including related parties), measured on a reserve matrix, was as follows:

December 31, 2024

	<u>Not Yet Due</u>	<u>1-30 days</u>	<u>31-60 days</u>	<u>61 to 90 days</u>	<u>91-120 days</u>	<u>over 120 days</u>	<u>Total</u>
Expected credit loss rate	0% to 0.66%	0%~7.29%	0%~51.69%	0%~89.95%	0%~100%	100%	
Total Carrying Amount	\$ 714,900	\$ 86,672	\$ 3,576	\$ 167	\$ -	\$ 1,350	\$ 806,665
Allowance for losses (expected credit losses over the period)	(<u>274</u>)	(<u>114</u>)	(<u>796</u>)	(<u>149</u>)	(<u>-</u>)	(<u>1,350</u>)	(<u>2,683</u>)
Amortized cost	<u>\$ 714,626</u>	<u>\$ 86,558</u>	<u>\$ 2,780</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,982</u>

December 31, 2023

	<u>Not Yet Due</u>	<u>1-30 days</u>	<u>31-60 days</u>	<u>61 to 90 days</u>	<u>91-120 days</u>	<u>over 120 days</u>	<u>T o t a l</u>
Expected credit loss rate	0% to 0.51%	0%~8.53%	0%~43.82%	0%~54.09%	0%~89.95%	100%	
Total Carrying Amount	\$ 482,110	\$ 62,914	\$ 3,187	\$ 3,293	\$ 306	\$ 328	\$ 552,138
Allowance for losses (expected credit losses over the period)	(<u>235</u>)	(<u>846</u>)	(<u>629</u>)	(<u>1,428</u>)	(<u>225</u>)	(<u>328</u>)	(<u>3,691</u>)
Amortized cost	<u>\$ 481,875</u>	<u>\$ 62,068</u>	<u>\$ 2,558</u>	<u>\$ 1,865</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 548,447</u>

The changes in the allowance for losses on accounts receivable were as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 3,691	\$ 15,595
Less: Loss allowance reversed	(1,123)	(11,833)
Foreign exchange gains and losses	<u>115</u>	(<u>71</u>)
Balance, end of the year	<u>\$ 2,683</u>	<u>\$ 3,691</u>

(iii) Other receivables

The Consolidated Company evaluates the expected recoverable amount of other receivables to be equal to the original carrying amount by taking into account the past default records of the other receivables, the current financial condition, and the forecast of future economic conditions, etc., and therefore does not need to recognize an allowance for losses.

10. Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Raw materials	\$ 56,693	\$ 27,472
In Products	56,811	25,401
Finished product	81,394	54,538
Merchandise	<u>37,085</u>	<u>46,938</u>
	<u>\$231,983</u>	<u>\$154,349</u>

The nature of cost of goods sold is as follows:

	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 1,592,935	\$ 1,354,363
(Reversal of gain) loss on decline in value of inventories	(22,327)	8,021
Idle Capacity Manufacturing Costs	<u>-</u>	<u>4,117</u>
	<u>\$ 1,570,608</u>	<u>\$ 1,366,501</u>

11. Subsidiaries

Included in the consolidated financial statements preparation entity as follows:

Investment Company Name	Name of Subsidiary	Business Nature	<u>Percentage of shareholding</u>	
			<u>December 31, 2024</u>	<u>December 31, 2023</u>
VSO Electronics Co., Ltd.	Cable Garden Holdings Limited	Investment holding business	100	100

Investment Company Name	Name of Subsidiary	Business Nature	Percentage of shareholding	
			December 31, 2024	December 31, 2023
	LINKUPON INTERNATIONAL LIMITED	Sales of engineering plastics for optical automotive 3C products.	60	60
	Vsovn Electronics (HANOI) Company Limited	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	100 (Note 2)	100 (Note 2)
Cable Garden Holdings Limited	VSO (Viet Nam) Electronics Co., LTD	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	100	100
	Ji An VSO Electronics Co., LTD	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	100	100
	Cleveland Investments Limited	Investment holding business	100 (Note 1)	100 (Note 1)
	Dongguan VSO Electronics Co., LTD	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.		
Cleveland Investments Limited	VSO Electronics (Suzhou) Co., LTD	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	100	100
LINKUPON INTERNATIONAL LIMITED	Linkupon International Holdings, Limited	Investment holding business	100	100
Linkupon International Holdings, Limited	Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	Sales of engineering plastics for optical automotive 3C products.	100	100

Note 1: The Consolidated Company's board of directors resolved on April 8, 2021 to cancel Dongguan VSO Electronics Co., LTD.

Note 2: The establishment of Vsovn Electronics (HANOI) Company Limited was approved by the board of directors on May 3, 2023, and the establishment and registration was completed on September 7, 2023, with an original investment of US\$5,000 thousand.

Information on Subsidiaries with Significant Non-Controlling Interests

Name of Subsidiary	Principal Place of Business	Percentage of shares and voting rights held by non-controlling interests	
		December 31, 2024	December 31, 2023
LINKUPON INTERNATIONAL LIMITED	Taiwan	40%	40%

Please refer to Table 8 (attached) for information on principal place of business and country of incorporation.

Name of Subsidiary	Gains and losses allocated to noncontrolling interests		Non-controlling interests	
	2024	2023	December 31, 2024	December 31, 2023
LINKUPON INTERNATIONAL LIMITED	\$ 11,743	\$ 9,459	\$ 92,828	\$ 87,594

LINKUPON INTERNATIONAL LIMITED

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$311,614	\$309,942
Non-current assets	54,145	52,078
Current liabilities	(114,723)	(125,837)
Non-current liabilities	(18,966)	(17,198)
Equity	<u>\$232,070</u>	<u>\$218,985</u>
Equity is attributable to:		
Owners	\$139,242	\$131,391
Non-controlling interests	<u>92,828</u>	<u>87,594</u>
	<u>\$232,070</u>	<u>\$218,985</u>
	<u>2024</u>	<u>2023</u>
Operating income	<u>\$558,874</u>	<u>\$601,961</u>
Net profit for the year	29,359	23,647
Other comprehensive income	<u>4,619</u>	(2,485)
Total consolidated profit and loss	<u>\$ 33,978</u>	<u>\$ 21,162</u>
Net profit is attributable to:		
Shareholders	\$ 17,616	\$ 14,188
Non-controlling interests	<u>11,743</u>	<u>9,459</u>
	<u>\$ 29,359</u>	<u>\$ 23,647</u>
	<u>2024</u>	<u>2023</u>
Total consolidated profit and loss is attributable to:		
Shareholders	\$ 20,387	\$ 12,697
Non-controlling interests	<u>13,591</u>	<u>8,465</u>
	<u>\$ 33,978</u>	<u>\$ 21,162</u>

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**Associate Enterprises**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associate Enterprises of material significance		
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc	<u>\$ 48,495</u>	<u>\$ 46,484</u>

Significant Affiliate Information

Company Name	Business Nature	Principal Place of Business	Shareholding and voting rights	
			December 31, 2024	December 31, 2023
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc	Plastic Materials Manufacturing and Sales	China	24%	24%

The following summarized financial information has been prepared on the basis of the consolidated financial statements of the affiliated companies under IFRS accounting standards and reflects adjustments made under the equity method of accounting.

Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc.

	December 31, 2024	December 31, 2023
Current assets	\$149,490	\$136,427
Non-current assets	71,295	79,061
Current liabilities	(16,926)	(18,929)
Non-current liabilities	(1,795)	(2,877)
Equity	<u>\$202,064</u>	<u>\$193,682</u>
Shareholding ratio of the Consolidated Company	24%	24%
Equity in the Consolidated Company	<u>\$ 48,495</u>	<u>\$ 46,484</u>
	2024	2023
Operating income	<u>\$121,529</u>	<u>\$117,428</u>
Net profit for the year	\$ 6,359	\$ 4,076
Other comprehensive income	-	-
Total consolidated profit and loss	<u>\$ 6,359</u>	<u>\$ 4,076</u>
Shareholding ratio of the Consolidated Company	24%	24%
The Consolidated Company's share of investment income or loss.	<u>\$ 1,526</u>	<u>\$ 978</u>
Dividends received from Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc.	<u>\$ 1,097</u>	<u>\$ 1,987</u>

For the business nature, principal place of business, and country of incorporation of the above affiliates, please refer to Table 7 (attached) "Information on Invested Companies, Locations...and Other Related Information".

For the years ended December 31, 2024 and 2032, the equity-method investments and the Consolidated Company's share of its profit or loss and other comprehensive income or loss were recognized on the basis of the accountants' audited financial statements of the related companies for the same periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	construction in progress	Total
<u>Cost</u>							
Balance 1/1/2024	\$ 65,705	\$ 165,468	\$ 274,144	\$ 4,231	\$ 54,548	\$ 2,539	\$ 566,635
Additions	-	16,722	67,286	4,085	6,879	2,922	97,894
Government subvention (Note 28)	-	(15,041)	-	-	-	-	(15,041)
Disposals	-	-	(15,498)	(2,071)	(169)	-	(17,738)
Reclassification	-	-	-	-	2,760	(2,760)	-
Effect of foreign currency exchange differences	-	4,237	8,251	111	1,387	11	13,997
Balance of December 31, 2024	<u>\$ 65,705</u>	<u>\$ 171,386</u>	<u>\$ 334,183</u>	<u>\$ 6,356</u>	<u>\$ 65,405</u>	<u>\$ 2,712</u>	<u>\$ 645,747</u>
<u>Accumulated depreciation</u>							
Balance 1/1/2024	\$ -	(\$ 20,732)	(\$ 151,900)	(\$ 2,089)	(\$ 22,967)	\$ -	(\$ 197,688)
Depreciation expenses	-	(5,071)	(29,368)	(1,403)	(6,486)	-	(42,328)
Disposals	-	-	15,404	1,588	169	-	17,161
Effect of foreign currency exchange differences	-	(475)	(4,786)	(51)	(571)	-	(5,883)
Balance of December 31, 2024	<u>\$ -</u>	<u>(\$ 26,278)</u>	<u>(\$ 170,650)</u>	<u>(\$ 1,955)</u>	<u>(\$ 29,855)</u>	<u>\$ -</u>	<u>(\$ 228,738)</u>
Net amount as of 12/31/2024	<u>\$ 65,705</u>	<u>\$ 145,108</u>	<u>\$ 163,533</u>	<u>\$ 4,401</u>	<u>\$ 35,550</u>	<u>\$ 2,712</u>	<u>\$ 417,009</u>
<u>Cost</u>							
Balance 1/1/2023	\$ 65,705	\$ 181,661	\$ 202,969	\$ 2,839	\$ 52,103	\$ 269	\$ 505,546
Additions	-	1,758	79,270	1,465	3,406	2,270	88,169
Government subvention (Note 28)	-	(15,625)	-	-	-	-	(15,625)
Disposals	-	-	(2,507)	-	(160)	-	(2,667)
Effect of foreign currency exchange differences	-	(2,326)	(5,588)	(73)	(801)	-	(8,788)
Balance of December 31, 2023	<u>\$ 65,705</u>	<u>\$ 165,468</u>	<u>\$ 274,144</u>	<u>\$ 4,231</u>	<u>\$ 54,548</u>	<u>\$ 2,539</u>	<u>\$ 566,635</u>
<u>Accumulated depreciation</u>							
Balance 1/1/2023	\$ -	(\$ 15,647)	(\$ 131,811)	(\$ 1,525)	(\$ 17,248)	\$ -	(\$ 166,231)
Depreciation expenses	-	(5,317)	(25,565)	(596)	(6,210)	-	(37,688)
Disposals	-	-	2,507	-	155	-	2,662
Effect of foreign currency exchange differences	-	232	2,969	32	336	-	3,569
Balance of December 31, 2023	<u>\$ -</u>	<u>(\$ 20,732)</u>	<u>(\$ 151,900)</u>	<u>(\$ 2,089)</u>	<u>(\$ 22,967)</u>	<u>\$ -</u>	<u>(\$ 197,688)</u>
Net amount as at December 31, 2023	<u>\$ 65,705</u>	<u>\$ 144,736</u>	<u>\$ 122,244</u>	<u>\$ 2,142</u>	<u>\$ 31,581</u>	<u>\$ 2,539</u>	<u>\$ 368,947</u>

Depreciation expense is provided on a straight-line basis over the following useful lives:

Buildings	30 to 50 years
Machinery Equipment	2 to 10 years
Transportation Equipment	2 to 6 years
Other Equipment	2 to 10 years

Please refer to Note 32 for the amount of real estate, plant and equipment pledged as collateral for loans by the Consolidated Company.

14. Lease Agreements

(i) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
land	\$104,687	\$ 9,238
Transportation Equipment	2,150	2,914
Buildings	<u>13,640</u>	<u>19,147</u>
	<u>\$120,477</u>	<u>\$ 31,299</u>
	<u>2024</u>	<u>2023</u>
Addition of royalty assets	<u>\$ 98,669</u>	<u>\$ 7,877</u>
Depreciation expense on assets under license		
land	\$ 1,280	\$ 194
Transportation Equipment	1,841	3,727
Buildings	<u>7,764</u>	<u>7,277</u>
	<u>\$ 10,885</u>	<u>\$ 11,198</u>

Land use rights are recognized as expense on a straight-line basis with useful lives ranging from 2020 to 2072 years and 2024 to 2073 years, respectively. Except for the additions and depreciation recognized for the right-of-use assets listed above, the Consolidated Company's right-of-use assets did not have any significant subleases or impairments in fiscal years 2024 and 2023.

The Consolidated Company set up right-of-use assets as collaterals for loans, please refer to Note 32.

(ii) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Mobility	<u>\$ 7,545</u>	<u>\$ 8,434</u>
non-current	<u>\$ 8,868</u>	<u>\$ 14,110</u>

The range of discount rates for lease obligations is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Buildings	3.35% to 4.65%	3.45% to 4.65%
Transportation Equipment	1.35% to 4.65%	1.35% to 4.65%

(iii) Purchaseant Tenant Activities and Terms and Conditions

The Consolidated Company leases vehicles, warehouses, offices and plants for a period of 2 to 5 years. Upon termination of the lease period, the Consolidated Company has no preferential right to purchase the leased vehicles, warehouses, offices and factories.

(iv) Other Leasing Information

	<u>2024</u>	<u>2023</u>
Short-term lease charges and lease charges for low-value assets	<u>\$ 10,010</u>	<u>\$ 9,924</u>
Total leasehold cash (outflow)	<u>(\$ 20,306)</u>	<u>(\$ 21,259)</u>

The Consolidated Company elected to apply the recognition exemption to buildings qualifying as short-term leases and office equipment leases qualifying as low value asset leases and not recognize the related right-of-use assets and lease liabilities for these leases.

All lease commitments for lease periods commencing after the balance sheet date are listed below:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Lease commitments	<u>\$ -</u>	<u>\$ 873</u>

15. Intangible assets

	<u>Computer Software</u>	<u>Patent License</u>	<u>Total</u>
<u>Cost</u>			
Balance 1/1/2023	\$ 18,105	\$ 12,704	\$ 30,809
Additions	3,075	9,152	12,227
Disposals	(733)	-	(733)
Effect of foreign currency exchange differences	<u>326</u>	<u>10</u>	<u>336</u>
Balance of December 31, 2024	<u>\$ 20,773</u>	<u>\$ 21,866</u>	<u>\$ 42,639</u>

(continued on next page)

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	Computer Software	Patent License	Total
<u>Accumulated</u>			
<u>amortization</u>			
Balance 1/1/2024	(\$ 4,339)	(\$ 6,365)	(\$ 10,704)
Amortization expense	(4,954)	(4,308)	(9,262)
Disposals	733	-	733
Effect of foreign currency exchange differences	(_____ 99)	(_____ 5)	(_____ 104)
Balance of December 31, 2024	(<u>\$ 8,659</u>)	(<u>\$ 10,678</u>)	(<u>\$ 19,337</u>)
Net amount as of 12/31/2024	<u>\$ 12,114</u>	<u>\$ 11,188</u>	<u>\$ 23,302</u>
<u>Cost</u>			
Balance 1/1/2023	\$ 5,602	\$ 12,709	\$ 18,311
Additions	13,180	-	13,180
Disposals	(486)	-	(486)
Effect of foreign currency exchange differences	(_____ 191)	(_____ 5)	(_____ 196)
Balance of December 31, 2023	<u>\$ 18,105</u>	<u>\$ 12,704</u>	<u>\$ 30,809</u>
<u>Accumulated</u>			
<u>amortization</u>			
Balance 1/1/2023	(\$ 1,616)	(\$ 3,202)	(\$ 4,818)
Amortization expense	(3,256)	(3,165)	(6,421)
Disposition	486	-	486
Effect of foreign currency exchange differences	_____ 47	_____ 2	(_____ 49)
Balance of December 31, 2023	(<u>\$ 4,339</u>)	(<u>\$ 6,365</u>)	(<u>\$ 10,704</u>)
Net amount as at December 31, 2023	<u>\$ 13,766</u>	<u>\$ 6,339</u>	<u>\$ 20,105</u>

Amortization expense is accrued on a straight-line basis over the following useful lives

Computer Software	3 to 7 years
Patent License	4 to 5 years

Amortization is aggregated by function:

	2024	2023
Operating Costs	\$ 5,477	\$ 3,827
Operating Expenses		
Selling expenses	351	165
General and administrative expenses	1,031	593
Research and development expenses	2,403	1,836
	<u>\$ 9,262</u>	<u>\$ 6,421</u>

16. OTHER ASSETS

	December 31, 2024	December 31, 2023
<u>Current</u>		
Prepayment	\$ 10,646	\$ 3,061
Prepayment	7,907	4,472
Tax Credits	8,215	2,601
Pre-paid pensions (Note 21)	-	373
Others	37	36
	<u>\$ 26,805</u>	<u>\$ 10,543</u>
<u>Non-current</u>		
Prepayment for equipment	\$ 19,900	\$ 9,067
Prepayment of real estate purchase	14,285	-
Margin deposits (note 32)	6,904	8,838
Prepaid land use rights	-	30,232
Other advances	993	605
	<u>\$ 42,082</u>	<u>\$ 48,742</u>

17. Loans

(i) Short-term borrowings

	December 31, 2024	December 31, 2023
Bank Credit	\$ -	\$ 56,249
Bank Guarantee	34,750	127,065
	<u>\$ 34,750</u>	<u>\$183,314</u>

The interest rate on bank credit borrowings was 6% as of December 31, 2023; the interest rate on bank guaranteed borrowings was 0.50% and 1.96% as of December 31, 2024 and 2023, respectively, for which the Chairman of the Board of Directors, Mr. Chien Chung Cheng, acted as a joint and several guarantor in his personal capacity. ~ 6.44%.

In May 2024, the Corporation entered into a loan contract with a bank for \$35,000 thousand under the "Ministry of Economic Affairs Low-Carbon Intelligent Nanotube Project Loan", which was subsidized by the Ministry of Economic

Affairs for one year at the mechanized interest rate of the two-year time deposits of Chunghwa Post, and the actual interest rate borne by the Corporation as of December 31, 2024 was 0.50%, and the loan period was from May 13, 2024 to May 13, 2025, with interest payable monthly and principal repayment due at maturity. Interest is payable monthly and principal is due on maturity.

(ii) Long-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Guaranteed Borrowing</u>		
Bank Borrowing	\$ 10,000	\$ -
Less: Discount on government grants	(<u>147</u>)	<u>-</u>
	<u>\$ 9,853</u>	<u>\$ -</u>

In December 2024, the Company entered into a loan agreement with a bank for \$10,000 thousand under the "Overseas Investment Financing Project Loan from China Development Fund", with the loan period from December 10, 2024 to December 10, 2029, and the principal and interest are to be repaid on a monthly basis after a 24-month grace period, and the interest rate of the loan was 1.772019% with the chairman of the board of directors, Mr. Chien Chung-cheng, serving as the guarantor as an individual. The interest rate was 1.772019%.

18. Accounts Payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts payable</u>		
Occurred as a result of operations	<u>\$371,451</u>	<u>\$265,550</u>

The average credit period for the Consolidated Company's purchases ranges from 30 to 120 days per month.

19. Other liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Other payables		
Salary and Bonus Payable	\$ 68,928	\$ 51,614
Premiums payable	130,191	130,832
Employee compensation payable	8,486	5,024
Directors' remuneration payable	3,748	1,947
VAT payable	3,083	2,732
Payables for equipment	4,013	76
Others	<u>67,684</u>	<u>43,441</u>
	<u>\$286,133</u>	<u>\$235,666</u>

Other liabilities		
Lease payables	\$ 75	\$ 106
Deferred income from government grants (Notes 17 and 28)	292	-
Refund liabilities (Notes 23 and 31)	3,041	3,400
Others	<u>1,366</u>	<u>1,023</u>
	<u>\$ 4,774</u>	<u>\$ 4,529</u>

Non-current

Other liabilities

Deferred income from government grants (Notes 17 and 28)	<u>\$ 105</u>	<u>\$ -</u>
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20. Provision for liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Warranty	<u>\$ 2,107</u>	<u>\$ 1,309</u>

The allowance for warranty liabilities is based on the present value of the Consolidated Company's management's best estimate of future economic outflows resulting from warranty obligations under contracts for the sale of goods. The estimates are based on historical warranty experience and are adjusted for new raw materials, changes in manufacturing processes, or other factors affecting product quality.

21. RETIREMENT BENEFIT PLANS

(i) **Defined Contribution Plans**

The employees of the Consolidated Company and its subsidiaries in the R.O.C. are subject to the Labor Pension Act (LPA), which is a government-administered defined contribution pension plan that contributes 6% of the employees' monthly wages to the employees' individual accounts at the Bureau of Labor Insurance. The employees of the Consolidated Company's subsidiaries in Mainland China and Vietnam are members of a retirement benefit plan operated by the government of Mainland China and Vietnam, respectively. The subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefit plans in order to fund the plans. The Consolidated Company's

obligation to this government-run retirement benefit plan is only to contribute a specific amount.

(ii) **Defined Benefit Plans**

The Consolidated Company's pension plan under the Labor Standards Law of the R.O.C. is a government-administered defined benefit pension plan. Pension payments are based on the number of years of service and the average salary of the six months prior to the approved retirement date. The Company contributes 2% of the employees' monthly wages to the Labor Pension Fund Supervisory Committee (LPSC) and deposits the amount in the name of the LPSC in a special account at the Bank of Taiwan. If the balance of the special account is insufficient to provide for the retirement of the employees who are expected to meet the retirement requirements in the following year, the Company will make a lump-sum contribution to the special account by the end of March of the following year. The management of this account is entrusted to the Bureau of Labor Funds of the Ministry of Labor, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the consolidated balance sheets are presented below:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ -	\$ -
Fair value of plan assets	<u>-</u>	(<u>373</u>)
Net Defined Benefit Liability (Asset)	<u>\$ -</u>	(<u>\$ 373</u>)

The changes in the net defined benefit obligation (asset) are as follows:

	Defined Benefit Present Value of Obligations	Plan assets Fair value	Net defined benefit Liabilities (assets)
January 1, 2023	<u>\$ 14,699</u>	(<u>\$ 5,611</u>)	<u>\$ 9,088</u>
Service Costs			
Current Service Costs	275	-	275
Front-end service costs	(268)	-	(268)
Interest expense (income)	<u>184</u>	(<u>72</u>)	<u>112</u>
Recognized in profit or loss	<u>191</u>	(<u>72</u>)	<u>119</u>
Remeasurement			
Return on plan assets	-	(55)	(55)
actuarial benefits			

	-Experience			
Adjustment	(<u>763</u>)	<u>-</u>	(<u>763</u>)	
Recognized in other				
comprehensive income	(<u>763</u>)	(<u>55</u>)	(<u>818</u>)	
Employer funding	<u>-</u>	(<u>103</u>)	(<u>103</u>)	
Benefit payments	(<u>14,127</u>)	<u>5,468</u>	(<u>8,659</u>)	
December 31, 2023	<u>\$ -</u>	(<u>\$ 373</u>)	(<u>\$ 373</u>)	

In fiscal year 2023, the Corporation reached an agreement with the employees of the applicable defined benefit pension plan to close their seniority. In January 2024, the Corporation was approved by the competent authority to cancel the employees' pension reserve accounts and completed the settlement of the Bank of Taiwan's pension reserve account in April 2024. Upon settlement, the Corporation recovered the original prepaid pension of \$373 thousand as of December 31, 2023, and also recovered the overflow of \$524 thousand, which was recorded as interest income of \$19 thousand and other income of \$505 thousand, respectively. These receipts were recorded as interest income of \$19 thousand and other income of \$505 thousand, respectively.

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	2023
Selling expenses	\$ -
General and administrative expenses	<u>119</u>
	<u>\$ 119</u>

The Consolidated Company is exposed to the following risks due to the pension system under the Labor Standards Act:

1. Investment risk: The Bureau of Labor Standards and Administration, Ministry of Labor, invests the Labor Pension Fund in domestic (foreign) equity securities, debt securities and bank deposits through self-employment and entrustment. However, the Consolidated Company's plan assets are distributed at the rate of no less than the interest rate of 2-year time deposits in local banks.
2. Interest Rate Risk: A decrease in interest rates on corporate bonds would increase the present value of the defined benefit obligation, but this would be accompanied by an increase in the return on the investment of plan assets in debt, both of which would have a partially offsetting effect on the net defined benefit obligation.

3. **Salary Risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan members. Therefore, an increase in plan members' salaries will increase the present value of the defined benefit obligation.

The present value of the Consolidated Company's defined benefit obligation was actuarially determined by a qualified actuary, and the significant assumptions at the measurement date were as follows:

	<u>December 31, 2023</u>
Discount rate	1.25%
Expected rate of payroll increase	2.50%

22. EQUITY

(i) **Share capital**

Common stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Number of shares authorized (in thousands of shares)	<u>60,000</u>	<u>60,000</u>
Shares authorized	<u>\$600,000</u>	<u>\$600,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>41,716</u>	<u>37,530</u>
Shares issued	<u>\$417,165</u>	<u>\$375,302</u>

The outstanding common stock has a par value of \$10 per share and each share carries the right to vote and to receive dividends.

On May 11, 2023, the stockholders' meeting resolved to amend the Articles of Incorporation to increase the number of rated shares to 60,000 thousand shares, with a rated capital of \$600,000 thousand. On June 29, 2023, the Company completed the registration of change in the rated capital by reserving 6,000 thousand shares for the use of employee stock option certificates. Employee stock options are issued to employees of controlled or subordinate companies who meet certain criteria.

On May 11, 2023, the stockholders' meeting resolved to issue 3,406 thousand shares of new stock through capital increase, and the record date for the capital increase was June 5, 2023, and the registration of the capital increase was completed on June 29, 2023, which is the same as the record date for the capital increase.

On July 23, 2024, the Board of Directors resolved to issue 3,660 thousand new shares through a cash capital increase before the initial listing on the OTC market, with a par value of NT\$10 per share. The application has been declared effective by the Taipei Exchange (formerly the OTC) under its letter No. 1130007053 dated August 9, 2024; the above cash capital increase included the issuance of 3,660 thousand new shares, with the underwriting price of NT\$100.73 per share as the premium for the employees' subscription and the public subscription, and the total amount of \$365,577 thousand, net of the underwriting costs, was fully received. The total amount of \$365,577 thousand, net of underwriting fees, was received in full, and the capital increase was completed on October 14, 2024, with September 27, 2024, as the record date.

For the year ended December 31, 2023, the Company's stock options of 61 thousand shares granted on February 1, 2021, 4 thousand shares granted on October 1, 2021 and 62 thousand shares granted on June 1, 2022, with subscription price of NT\$20, NT\$20, and NT\$30 per share, respectively, were exercised by the employees, and the registration of the change was completed before December 31, 2023.

For the year ended December 31, 2024, the Company's stock options granted to employees on February 1, 2021 (434 thousand shares), October 1, 2021 (55 thousand shares), and June 1, 2022 (37 thousand shares), with subscription price of NT\$20, NT\$20, and NT\$30 per share, respectively, were exercised by employees, and the registration of the change was completed by December 31, 2024, respectively.

Please refer to Note 27 for the description of the employee stock options.

(ii) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Arising from the issuance of ordinary shares	\$ 563,750	\$ 223,467
<u>May be used to offset a deficit only</u>		
Other - Exercise of reversionary rights	928	-
<u>May not be used for any purpose</u>		
Employee stock options	836	4,377
	<u>\$ 565,514</u>	<u>\$ 227,844</u>

Note: Capital surplus may be used to offset a deficit: This type of capital surplus may be used to offset a deficit or, if the company is not in deficit, may be used to distribute cash or capitalize capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

Reconciliations of the balance of each type of capital surplus for the years ended January 1, 2024 and 2023 to December 31, are as follows:

	Arising from the issuance of ordinary shares	Employee stock options	Other	Total
Balance 1/1/2024	\$ 223,467	\$ 4,377	\$ -	\$ 227,844
Cash Capital Increase	328,977	-	-	328,977
Recognized share-based payment	-	2,129	-	2,129
Exercise of share options by employees	11,306	(5,670)	-	5,636
Exercise of vesting rights	-	-	928	928
Balance of December 31, 2024	<u>\$ 563,750</u>	<u>\$ 836</u>	<u>\$ 928</u>	<u>\$ 565,514</u>
Balance 1/1/2023	\$ 220,388	\$ 4,615	\$ -	\$ 225,003
Recognized share-based payment	-	955	-	955
Exercise of share options by employees	3,079	(1,193)	-	1,886
Balance of December 31, 2023	<u>\$ 223,467</u>	<u>\$ 4,377</u>	<u>\$ -</u>	<u>\$ 227,844</u>

(iii) **Retained earnings and dividend policy**

In accordance with the Company's Articles of Incorporation, when the Company distributes its earnings, 10% of the legal reserve should be set aside as legal reserve after making an estimate and retaining the taxable earnings, and making up for any deficit in accordance with the law, unless the legal reserve has already reached the amount of paid-in capital. The remaining balance should be set aside or reversed as a special reserve in accordance with laws and regulations and the requirements of the competent authorities. If there is any remaining surplus after deducting the aforementioned items, the board of directors shall prepare a resolution on the appropriation of the surplus and submit it to the shareholders' meeting for approval.

The distribution of dividends and bonuses by the Company, in whole or in part in the form of cash payments, is authorized to be resolved by the Board of Directors and reported to the shareholders in general meeting.

In accordance with the Company's Articles of Incorporation, the appropriation of earnings may be in the form of cash dividends or stock dividends, with the appropriation of earnings to be at least 35% of the distributable earnings, and cash dividends to be at least 20% of the total amount of dividends to be distributed. The aforementioned rates of distribution of earnings and cash dividends to shareholders may be adjusted in the shareholders' meeting depending on actual earnings and capital requirements.

The Company's Articles of Incorporation provide that the Company's employees' and directors' remuneration should be distributed as follows: (7) Employees' and Directors' Remuneration, Note24.

The legal reserve should be appropriated until the balance reaches the Company's total paid-in capital. The legal reserve may be used to offset a deficit. If the Company has no deficit, the excess of the legal reserve over 25% of the Company's paid-in capital may be transferred to capital and distributed in cash. If there is insufficient unappropriated earnings to provide for the special reserve for other equity in earnings accumulated in prior periods, the special reserve is provided from the current period's net income plus items other than net income after income tax, which are included in the current period's unappropriated earnings.

The appropriations of the Company's surplus for fiscal years 2023 and 2022 were as follows:

	2023	2022
Legal reserve	<u>\$ 11,495</u>	<u>\$ 36,055</u>
Special reserve	<u>\$ 11,815</u>	<u>\$ 40,666</u>
Cash dividends	<u>\$ 75,921</u>	<u>\$ 153,279</u>
Stock dividends	<u>\$ -</u>	<u>\$ 34,062</u>
Cash dividends per share (\$)	\$ 2.0	\$ 4.5
Stock dividends per share (\$)	\$ -	\$ 1.0

The above shareholders' cash dividends were resolved to be distributed by the Board of Directors on March 28, 2024 and March 27, 2023, respectively, and the remaining items of earnings distribution were resolved by the shareholders at their regular meetings on May 15, 2024 and May 11, 2023, respectively.

The appropriation of earnings for fiscal year 2024, as proposed by the Board of Directors on March 13, 2025, was as follows:

	2024
Legal reserve	<u>\$ 18,544</u>
Special reserve (reversal)	<u>(\$ 18,030)</u>
Cash dividends	<u>\$ 83,433</u>
Stock dividends	<u>\$ 20,858</u>
Cash dividends per share (\$)	\$ 2.0
Stock dividends per share (\$)	\$ 0.5

The above shareholders' cash dividends have been resolved by the Board of Directors to be distributed, and the remainder is subject to the resolution of the regular shareholders' meeting expected to be held on 12/5/2025.

(iv) Special surplus reserve

	2024	2023
Balance at the beginning of the year	\$ 40,666	\$ -
Special reserve	<u>11,815</u>	<u>40,666</u>
Balance at the end of the year	<u>\$ 52,481</u>	<u>\$ 40,666</u>

(v) Financial statements translation differences of foreign operations

	2024	2023
Balance at the beginning of the year	(\$ 52,481)	(\$ 40,666)
Exchange differences arising from the translation of financial statements of foreign operators	<u>18,030</u>	(<u>11,815</u>)
Balance at the end of the year	(<u>\$ 34,451</u>)	(<u>\$ 52,481</u>)

(vi) Non-controlling interests

	2024	2023
Balance at the beginning of the year	\$ 87,594	\$ 94,347
Net profit for the year	11,743	9,459
Cash dividends from subsidiaries to shareholders with non-controlling interests	(8,400)	(15,200)
Other comprehensive income or loss for the year		
Exchange differences on translation of financial statements of foreign operations	1,848	(994)

Changes in ownership interests in subsidiaries	<u>43</u>	(<u>18</u>)
Balance at the end of the year	<u>\$ 92,828</u>	<u>\$ 87,594</u>

23. Revenue

	<u>2024</u>	<u>2023</u>
Revenue from customer contracts		
Revenue from sales of goods	\$ 2,139,911	\$ 1,768,490
Compensation Income	<u>23,085</u>	<u>47,660</u>
	<u>\$ 2,162,996</u>	<u>\$ 1,816,150</u>

(I) Description of the Customer Contract

In accordance with business practice, the Consolidated Company's sales of connecting cables from various smart IoT, cloud, industrial control, medical and automotive applications, etc., and some of the sales customers took into account their transaction records in the past year, and the Consolidated Company estimated the discount amount based on the most probable amount, based on which the refund liabilities were recognized (classified as other current liabilities) Please refer to Notes 19 and 31 for details.

(ii) Contract balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Notes receivable (Note 9)	<u>\$ 8,052</u>	<u>\$ 2,038</u>	<u>\$ 2,882</u>
Accounts receivable (Note 9)	<u>\$ 762,301</u>	<u>\$ 513,176</u>	<u>\$ 600,075</u>
Accounts receivable - related parties (Note 31)	<u>\$ 41,681</u>	<u>\$ 35,271</u>	<u>\$ 51,990</u>
Contract liabilities - current	<u>\$ 1,042</u>	<u>\$ 370</u>	<u>\$ 725</u>

Contractual liabilities from the beginning of the year and performance obligations satisfied in prior periods are recognized as revenue in the current period in the following amounts:

	<u>2024</u>	<u>2023</u>
<u>From contractual liabilities at the beginning of the year</u>		
Merchandise Sales	<u>\$ 370</u>	<u>\$ 725</u>

(iii) Breakdown of revenue from customer contracts

	2024	2023
AIOT Intelligent Internet of Things		
Application Cable Set	\$ 805,032	\$ 617,777
Computer Consumer Electronics		
Cable Assemblies	520,220	405,741
Engineered Plastic Functional		
Materials	558,874	601,961
Others-Connection cable set	<u>278,870</u>	<u>190,671</u>
	<u>\$ 2,162,996</u>	<u>\$ 1,816,150</u>

24. Net profit for the year

Net income for the year consisted of the following items:

(i) Interest income

	2024	2023
Interest income		
Bank Deposit	\$ 7,335	\$ 7,758
Bonds with Repurchase	1,016	-
Interest on Deposits	4	49
Other (note 21)	<u>19</u>	<u>-</u>
	<u>\$ 8,374</u>	<u>\$ 7,807</u>

(ii) Other income

	2024	2023
Government subvention		
income	\$ 1,914	\$ 2,495
Other (Note 21)	<u>2,308</u>	<u>3,884</u>
	<u>\$ 4,222</u>	<u>\$ 6,379</u>

(iii) Other gains and losses

	2024	2023
(Gains) losses on disposal of		
property, plant and		
equipment	\$ 475	(\$ 5)
Net loss on financial assets at		
fair value through profit or		
loss (Note 7)	(729)	(399)
Net foreign currency translation		
gains	24,183	6,355
Lease Modification of Interest	-	18
Disposal of investment losses	-	(6,673)
Others	(<u>69</u>)	(<u>124</u>)
	<u>\$ 23,860</u>	<u>(\$ 828)</u>

(iv) Finance Costs

	2024	2023
Interest on bank loans	\$ 4,320	\$ 2,516
Interest on Leasehold Debt	<u>814</u>	<u>942</u>
	<u>\$ 5,134</u>	<u>\$ 3,458</u>

(v) Depreciation and amortization

	2024	2023
An analysis of depreciation - by function		
Operating Costs	\$ 32,454	\$ 28,859
Operating Expenses	<u>20,759</u>	<u>20,027</u>
	<u>\$ 53,213</u>	<u>\$ 48,886</u>
An analysis of amortization - by function		
Operating Costs	\$ 5,477	\$ 3,827
Operating Expenses	<u>3,785</u>	<u>2,594</u>
	<u>\$ 9,262</u>	<u>\$ 6,421</u>

(vi) Employee benefit expenses

	2024	2023
Short-term benefits	\$ 433,659	\$ 358,837
Share-based Payment		
Settlement of Interests	2,129	955
Separation benefits		
Defined Contribution Plans	4,650	4,186
Defined Benefit Plans (Note 21)	<u>-</u>	<u>119</u>
Total Employee Benefit Costs	<u>\$ 440,438</u>	<u>\$ 364,097</u>
	2024	2023
Summary by Function		
Operating Costs	\$ 212,767	\$ 169,683
Operating Expenses	<u>227,671</u>	<u>194,414</u>
	<u>\$ 440,438</u>	<u>\$ 364,097</u>

(vii) Employees' and Directors' Remuneration

After retaining the amount of loss to be covered, the Company should allocate 2% to 10% of the profit, if any, for employees' compensation and not more than 2% for directors' compensation, based on the pre-tax profit before deducting the distribution of employees' compensation and directors' compensation for the current year.

Employee compensation and director compensation for fiscal years 2024 and 2023 were resolved by the Board of Directors on March 13, 2025 and March 28, 2024, respectively, as follows:

Estimated percentage

	<u>2024</u>	<u>2023</u>
Employee Remuneration	3.50%	3.30%
Directors' Remuneration	1.55%	1.29%

Amount

	<u>2024</u>	<u>2023</u>
Employee Remuneration	<u>\$ 8,449</u>	<u>\$ 4,994</u>
Directors' Remuneration	<u>\$ 3,748</u>	<u>\$ 1,947</u>

Changes in accounting estimates subsequent to the adoption of the annual consolidated financial statements are accounted for as changes in accounting estimates and recorded as adjustments in the following year.

The actual allotment amounts of employees' compensation for fiscal years 2023 and 2022 did not differ from the amounts recognized in the consolidated financial statements for fiscal years 2023 and 2022.

For the above information on employees' compensation and directors' compensation resolved by the Board of Directors of the Company, please visit the Market Observation Post System of the Taiwan Stock Exchange.

(viii) Foreign currency exchange gains and losses

	<u>2024</u>	<u>2023</u>
Total foreign currency exchange gains	\$ 52,806	\$ 45,799
Total foreign currency exchange losses	(<u>28,623</u>)	(<u>39,444</u>)
Net profit	<u>\$ 24,183</u>	<u>\$ 6,355</u>

25. Income tax

(i) Income tax expense recognized in profit or loss

	<u>2024</u>	<u>2023</u>
Current income tax		
Current tax	\$ 38,806	\$ 50,908
Increase in unappropriated earnings	800	4,837
Adjustments for previous years	<u>440</u>	<u>470</u>
	<u>40,046</u>	<u>56,215</u>

Deferred income tax		
Current tax	20,212	(21,019)
Change in tax rates	<u>-</u>	(<u>54</u>)
	<u>20,212</u>	(<u>21,073</u>)
Income tax expense recognized in profit or loss	<u>\$ 60,258</u>	<u>\$ 35,142</u>

A reconciliation of accounting profit and income tax expense (benefit) and the applicable tax rate were as follows:

	<u>2024</u>	<u>2023</u>
Net income before tax	<u>\$ 257,573</u>	<u>\$ 158,882</u>
Income tax at statutory rate on net income before income tax	\$ 64,976	\$ 37,229
Non-deductible expenses for tax purposes	2,795	2,504
Tax-free income	(3,575)	(4,320)
Deduction of research and development expenses	(5,178)	(5,524)
Increase in unappropriated earnings	800	4,837
Change in tax rates	-	(54)
Adjustment of current year's income tax expense for prior years	<u>440</u>	<u>470</u>
Income tax expense recognized in profit or loss	<u>\$ 60,258</u>	<u>\$ 35,142</u>

The Consolidated Company is subject to the ROC Income Tax Act at 20% for individuals and 5% for undistributed earnings.

VSO Electronics (Suzhou) Co., LTD. and Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company, Ltd. are subject to the generalized income tax exemption policy for small and micro-profit enterprises, and the tax rate applicable to each of them for the years ended December 31, 2024 and 2023 was 5%.

Ji An VSO Electronics Co., Ltd. was recognized as a high-tech enterprise in the PRC in November, 2022, and therefore, the applicable tax rate from 2022 to 2024 years was 15%.

Taxes arising in other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

(ii) Income tax expense recognized in other comprehensive income (loss)

	2024	2023
<u>Deferred income tax</u>		
Current tax		
-Certainty Benefit Plan		
Remeasurement	(\$ 87)	(\$ 163)

(iii) Deferred income tax assets and liabilities

2024

	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Translation Adjustment	Closing Balance
<u>Deferred income tax assets</u>					
Temporary differences					
Loss on decline in value of inventories	\$ 3,138	(\$ 1,238)	\$ -	\$ 62	\$ 1,962
Unrealized gross profit on sales	307	34	-	-	341
Leasehold liabilities	2,293	76	-	3	2,372
Others	<u>3,847</u>	<u>526</u>	<u>-</u>	<u>4</u>	<u>4,377</u>
	<u>\$ 9,585</u>	<u>(\$ 602)</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 9,052</u>
<u>Deferred income tax liabilities</u>					
Temporary differences					
Investment income recognized under the equity method	\$ 35,901	\$ 14,932	\$ -	\$ -	\$ 50,833
Temporary differences in property, plant and equipment	6,472	3,547	-	241	10,260
Defined Benefit Retirement Plan	75	(162)	87	-	-
Right-of-use assets	2,293	76	-	3	2,372
Others	<u>9,412</u>	<u>1,217</u>	<u>-</u>	<u>223</u>	<u>10,852</u>
	<u>\$ 54,153</u>	<u>\$ 19,610</u>	<u>\$ 87</u>	<u>\$ 467</u>	<u>\$ 74,317</u>

2023

	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Translation Adjustment	Closing Balance
<u>Deferred income tax assets</u>					
Temporary differences					
Loss on decline in value of inventories	\$ 2,049	\$ 1,158	\$ -	(\$ 69)	\$ 3,138
Unrealized gross profit on sales	139	168	-	-	307
Defined Benefit Retirement Plan	1,818	(1,655)	(163)	-	-
Leasehold liabilities	2,335	(62)	-	20	2,293
Others	<u>1,477</u>	<u>2,481</u>	<u>-</u>	<u>(111)</u>	<u>3,847</u>
	<u>\$ 7,818</u>	<u>\$ 2,090</u>	<u>(\$ 163)</u>	<u>(\$ 160)</u>	<u>\$ 9,585</u>
<u>Deferred income tax liabilities</u>					
Temporary differences					
Investment income recognized under the equity method	\$ 57,117	(\$ 21,216)	\$ -	\$ -	\$ 35,901

Temporary differences in property, plant and equipment	5,852	736	-	(116)	6,472
Defined Benefit Retirement Plan	-	75	-	-	75
Right-of-use assets	2,335	(62)	-	20	2,293
Others	<u>8,029</u>	<u>1,484</u>	-	(<u>101</u>)	<u>9,412</u>
	<u>\$ 73,333</u>	<u>(\$ 18,983)</u>	<u>\$ -</u>	<u>(\$ 197)</u>	<u>\$ 54,153</u>

(iv) Current income tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current income tax assets		
Tax refund receivable	<u>\$ 2,366</u>	<u>\$ 1,664</u>
Current income tax liabilities		
Income tax payable	<u>\$ 14,148</u>	<u>\$ 38,959</u>

(v) Income tax authorizations

The Company's income tax returns through FY2022 have been examined and cleared by the tax authorities.

26. Earnings per share

	<u>2024</u>	<u>2023</u>
Basic earnings per share	<u>\$ 4.78</u>	<u>\$ 3.05</u>
Diluted earnings per share	<u>\$ 4.74</u>	<u>\$ 3.01</u>

The net income and weighted average number of common shares used in calculating earnings per share were as follows:

Net profit for the year

	<u>2024</u>	<u>2023</u>
Net profit for the year attributable to owners of the parent	<u>\$ 185,572</u>	<u>\$ 114,281</u>

Number of Shares

Unit: Thousand shares

	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic loss per share	38,823	37,491
Effect of dilutive potential common stock:		
Employee stock options	193	134
Employee Remuneration	<u>115</u>	<u>347</u>
Weighted average number of common shares used in the calculation of diluted earnings per share (EPS)	<u>39,131</u>	<u>37,972</u>

If the Consolidated Company has the option to grant employees' compensation in the form of stock or cash, it is assumed that the employees' compensation will be granted in the form of stock and the potential common shares will be included in the weighted-average number of common shares outstanding for the purpose of calculating the diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares continues to be taken into account in the calculation of diluted earnings per share until the number of shares of employees' compensation is resolved at the next annual stockholders' meeting.

27. Share Base Benefit Agreements

(I) Employee stock option plan with cash capital increase

On July 23, 2024, the board of directors resolved to retain employees' subscription for the initial pre-listing cash capital increase, of which 189 thousand shares were subscribed by employees, and the compensation cost recognized in FY2024 was \$1,395 thousand.

The Company uses the Black-Scholes valuation model for employee stock options granted, and the inputs used in the valuation model are as follows:

Give day stock price	106.77 per share
Exercise price	100.73 per share
Expected volatility	44.98%
Duration	9th
Risk-free rate	1.3138%

(ii) Employee Stock Option Plan

1. On December 30, 2020, the Board of Directors resolved the first (including the second consolidation into the first) employee stock option issuance and stock subscription plan for the year 2021, and granted 1,905 units of employee stock options on February 1, 2021, each unit is entitled to subscribe for 1,000 shares of the Company's common stock, which may be issued in several installments after the Board of Directors' approval and delivered through the issuance of new shares to be issued to employees who The employee stock option certificates are issued to employees of the Company who meet certain criteria. Employees may exercise 40% of the units granted by the Company after one year from the date of the grant of the stock options; 30% of the units granted by the Company after two years from the date of the grant of the stock options and after the Company has met the

financial criteria; and 30% of the units granted by the Company after three years from the date of the grant of the stock options and after the Company has met the financial criteria. Upon the expiration of three years after the granting of the stock options and upon the Company's fulfillment of the financial criteria, the holders of the stock options may exercise 30% of the units of the stock options granted by the Company. The exercise price of the stock options is NT\$20 per share. After the issuance of the stock options, the exercise price of the stock options will be adjusted in accordance with a prescribed formula in the event that the Company's common stock suffers a capital reduction to cover a deficit.

On July 11, 2022, the Board of Directors resolved the additional terms of the first employee stock option issuance and subscription plan for the year 2021, which stipulated that employees may exercise 30% of the units of the Company's stock options after two years from the date of granting the stock options and after the Company has met the financial targets; however, since the first half of the year 2022 exceeded the financial targets, the Company was allowed to exercise 30% of the units of the Company's stock options earlier than the original schedule. However, because the financial indicators for the first half of 2022 had exceeded the original conditions, the Company was allowed to exercise 30% of the units granted by the Company on August 1, 2022, earlier than scheduled.

2. On December 30, 2020, the Board of Directors resolved to issue the Third Employee Stock Warrant Issuance and Warrant Plan for the year 2021. 150 units of employee stock warrants were granted on February 1, 2021, each of which is entitled to subscribe for 1,000 shares of the Company's common stock, which may be issued in several installments and delivered by way of issuance of new shares after the Board of Directors' approval, to employees of subsidiaries of LINKUPON INTERNATIONAL LIMITED and its subsidiaries who meet certain criteria. Employees may exercise 40% of the number of units granted by the Company after one year from the date of granting of the stock option. After two years from the date of granting of the stock option, and after LINKUPON INTERNATIONAL LIMITED meets the conditions of the financial indicators, the holder of the stock option may exercise 30% of the number of units granted by the Company. After the expiration of 3

years and the fulfillment of the financial indicators by the subsidiary, the certificate holder may exercise the stock option granted by the Company for 30% of the number of units. The exercise price of the stock options is NT\$20 per share. After the issuance of the stock options, the exercise price of the stock options will be adjusted in accordance with the prescribed formula in the event that the Company's common stock suffers a capital reduction to make up for a loss.

3. On September 29, 2021, the Board of Directors resolved the fourth issuance of employee stock options and stock option plan for the year ended December 31, 2021, under which the Company granted 250 units of employee stock options on October 1, 2021, each unit of which is entitled to subscribe for 1,000 shares of the Company's common stock, which may be issued in several installments and delivered through the issuance of new shares after the Board of Directors' approval, to employees of the Company who meet certain criteria. The employees' stock options have a term of 3.33 years. After 4 months from the date of grant of the stock options, the holders may exercise 40% of the number of units granted by the Company; after 1 year and 4 months from the date of grant of the stock options and after the Company has met the financial criteria, the holders may exercise 30% of the number of units granted by the Company; after 2 years and 4 months from the date of grant of the stock options and the Company has met the financial criteria, the holders may exercise 30% of the number of units granted by the Company; and after 2 years and 4 months from the date of grant of the stock options, the holders may exercise 30% of the number of units granted by the Company. After the expiration of 2 years and 4 months from the date of granting the stock options, and after the Company has met the financial criteria, the certificate holders may exercise 30% of the units of stock options granted by the Company. The exercise price of the stock options is NT\$20 per share. After the issuance of the stock options, the exercise price of the stock options will be adjusted in accordance with the prescribed formula in the event that the Company's common stock suffers a capital reduction to cover a loss.

On July 11, 2022, the Board of Directors resolved the additional terms of the Fourth Employee Stock Option Issuance and Warrant Method for the

year 2021, which provided that employees may exercise 30% of the units of the Company's stock options after two years from the date of the grant of the stock options and after the Company has met the financial criteria; however, due to the first half of the year 2022 has exceeded the financial criteria, the Company was able to exercise 30% of the units of the Company's stock options earlier than the original terms. However, because the financial indicators for the first half of 2022 had exceeded the original conditions, the Company was allowed to exercise 30% of the units granted by the Company on August 1, 2022, earlier than scheduled.

4. On April 14, 2022, the Board of Directors resolved the first employee stock option issuance and stock subscription plan for the year of 2022, under which 200 units of employee stock options were granted on June 1, 2022, each unit of which is entitled to subscribe for 1,000 shares of the Company's common stock, and each unit of which may be issued in several installments and delivered through the issuance of new shares after the Board of Directors' approval, to the Company's employees who meet certain criteria and to non-operational employees. The employee stock options are granted to employees and non-civil servants of the Company who meet certain criteria. The employee stock options have a term of 4 years. After the employees of a business unit have been granted the stock options for 1 year and have met the financial criteria of their respective departments, the certificate holders may exercise 1/3 of the number of units granted by the Company; after the employees have been granted the stock options for 2 years and have met the financial criteria of their respective departments, the certificate holders may exercise 1/3 of the number of units granted by the Company; after the employees have been granted the stock options for 3 years and have met the financial criteria of their respective departments, the certificate holders may exercise 1/3 of the number of units granted by the Company; and after the employees have been granted the stock options for 3 years and have met the financial criteria of their respective departments, the certificate holders may exercise the stock options for 3 units granted by the Company. Upon the expiration of 3 years from the date of granting the stock option and after the Company satisfies the conditions of the financial index, the certificate holder may exercise the stock option

granted by the Company to 1/3 of the number of units; upon the expiration of 1 year from the date of granting the stock option, the certificate holder may exercise the stock option granted by the Company to 40% of the number of units; upon the expiration of 2 years from the date of granting the stock option and upon the Company satisfying the conditions of the financial index, the certificate holder may exercise the stock option granted by the Company to 30% of the number of units; upon the expiration of 2 years from the date of granting the stock option, the certificate holder may exercise the stock option granted by the Company to 40% of the number of units. Upon the expiration of 2 years from the date of grant and upon the Company's fulfillment of the financial indicators, the certificate holder may exercise 30% of the units granted by the Company. Upon the expiration of 3 years from the date of grant and upon the Company's fulfillment of the financial indicators, the certificate holder may exercise 30% of the units granted by the Company. The exercise price of the stock options is NT\$30 per share. After the issuance of the stock options, the exercise price of the stock options will be adjusted in accordance with the prescribed formula in the event that the Company's common stock suffers a capital reduction to make up for a loss.

5. On December 27, 2023, the Board of Directors resolved, and on May 15, 2024, the Board of Directors amended, the First Employee Stock Option Issuance and Subscription Plan for the Year 2023, under which the Company expects to grant a total of 300 units of stock options to employees, each of which is entitled to subscribe for 1,000 shares of the Company's common stock, and which, after the Board of Directors' approval, may be issued in several installments and delivered by way of issuance of new shares to employees who meet certain criteria of the Company. The Company's Board of Directors has approved the issuance of 1,000 shares of the Company's common stock per unit. On October 8, 2024, the Company granted 130 units of stock options to employees, which have a term of 4 years. 2 years after the granting of the stock options, the holders of the stock options may exercise 50% of the units granted by the Company, and 3 years after the granting of the stock options, the holders of the stock options may exercise 50% of the units granted by the Company. The exercise price of the stock

options granted on October 8, 2024 was NT\$105 per share. After the issuance of the stock options, the exercise price of the stock options will be adjusted in accordance with the prescribed formula when the Company's common stock is reduced to cover a loss.

Information on employee stock options is as follows:

Employee stock options	2024		2023	
	Number of Shares (units)	Weighted-average Exercise Price (\$/per share)	Number of Shares (units)	Weighted-average Exercise Price (\$/per share)
Balance, beginning of the year	631	21.83	970	22.06
Provision options	130	105.00	-	-
Options forfeited	(59)	20.00	(212)	21.80
Options granted	(<u>526</u>)	20.71	(<u>127</u>)	23.63
Balance, ending of the year	<u>176</u>	87.06	<u>631</u>	21.83
Options exercisable, end of the year	<u>-</u>	-	<u>-</u>	-

Information related to outstanding employee stock warrants as of the balance sheet date is as follows:

1,905 Units granted on February 1, 2021		150 units granted on February 1, 2021	
Executive Price Scope (\$)	Weighted average remaining contract term (years)	Executive Price Scope (\$)	Weighted average remaining contract term (years)
\$ 20	0.08	\$ 20	0.08
250 Units granted on October 1, 2021		200 Units granted on June 1, 2022	
Executive Price Scope (\$)	Weighted average remaining contract term (years)	Executive Price Scope (\$)	Weighted average remaining contract term (years)
\$ 20	0.08	\$ 30	1.42
October 8, 2024 to Unit 130 with			
Executive Price Scope (\$)	Weighted Average Remaining Contract duration (years)		
\$ 105	3.83		

The Company uses the Black-Scholes valuation model for employee stock options granted, and the inputs used in the valuation model are as follows:

	February 1, 2021 2,055 units given	October 1, 2021 250 units given	June 1, 2022 Give it 200 units	October 8, 2023 130 units given
Giving daily market price	23.58 per share	25.69 per share	34.24 per share	105.00 per share
Exercise price	20 per share	20 per share	30 per share	105 per share
Expected volatility	35.04%-36.69%	38.90%-41.42%	41.79%-46.94%	35.80%-37.79%
Duration	4 years	3.33 years	4 years	4 years
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	0.16%-0.23%	0.25%-0.27%	0.90%-1.02%	1.369% - 1.3897%

The Company recognized compensation costs of \$734 thousand and \$955 thousand for the years ended December 31, 2024 and 2023, respectively.

28. Government subvention

In January 2024 and January 2023, Ji'an VSO Electronics Co., Ltd., received interest subsidies of RMB1,080 thousand (NT\$4,811 thousand) and RMB1,080 thousand (NT\$4,747 thousand), respectively, from the People's Government of Anfu County, Ji'an City, Jiangxi Province, China (the "Jiangxi Provincial Government"), which were provided by the local government pursuant to an investment agreement. The nature of the government grants was the tax reimbursement subsidies provided by the local government in accordance with the investment agreement, which were recorded as a reduction of real estate, plant and buildings.

In June 2024, October 2023 and April 2023, Ji'an VSO Electronics Co., Ltd., a subsidiary of the Company, received government grants of RMB2,296 thousand (NT\$10,230 thousand), RMB204 thousand (NT\$895 thousand) and RMB2,271 thousand (NT\$9,983 thousand), respectively, from Anfu County, Ji'an City, Jiangxi Province, China, under the preferential policies for attracting investments, which were characterized as follows. The nature of the government grants was the local government's subsidies for various tax reimbursements based on the investment agreements, which were accounted for as reductions of real estate, plants and buildings.

The Group received government grants from January 1 to December 31, 2024 and 2023, which reduced depreciation expense by \$1,631 thousand and \$1,053

thousand, respectively, due to the reduction of real estate, plant and equipment in the accounts.

In May 2024, VSO Electronics Co., Ltd. obtained a preferential interest rate loan of \$35,000 thousand from the Ministry of Economic Affairs (MOEA) for the "Low-Carbon Intelligent Nano-Management Project Loan", which was subsidized by the Ministry of Economic Affairs (MOEA) for one year at the mechanized interest rate of two-year time deposits of China Post, and estimated the fair value of the loan to be \$34,404 thousand based on the prevailing market interest rate at the time of borrowing of 2.22%, and the difference between the obtained amount and fair value of the loan amounting to \$596 thousand was considered to be a subsidy of the government low-interest loan and recognized as deferred income. The difference between the obtained amount and the fair value of the loan, amounting to \$596 thousand, was accounted for as a low-interest government subsidy and recognized as deferred income.

In December 113, VSO Electronics Co., Ltd. entered into a loan contract with a bank for \$10,000 thousand under the "Overseas Investment Financing by National Development Fund". The fair value of the loan was estimated to be \$9,850 thousand based on the prevailing market interest rate of 2.195% at the time of the loan, and the difference of \$150 thousand between the obtained amount and the fair value of the loan was regarded as a subsidy from the government for low-interest loans and was recognized as deferred income.

For the year ended December 31, 2024, the Company recognized \$349 thousand in other income-government subsidy income and \$471 thousand in interest expense on this loan, respectively.

29. Cash Flow Information and Capital Risk Management

(i) Changes in liabilities from financing activities

2024

	January 1, 2024	Cash Flow	Non-cash changes			December 31, 2024
			New Leases	Government subsidies	Exchange rate changes	
short term loan	\$ 183,314	(\$ 148,314)	\$ -	(\$ 250)	\$ -	\$ 34,750
Long-term loans	-	10,000	-	(147)	-	9,853
Leasehold liabilities	22,544	(9,482)	2,611	-	740	16,413
	<u>\$ 205,858</u>	<u>(\$ 147,796)</u>	<u>\$ 2,611</u>	<u>(\$ 397)</u>	<u>\$ 740</u>	<u>\$ 61,016</u>

2023

	January 1, 2023	Cash Flow	Non-cash changes			December 31, 2023
			New Leases	Lease Modification	Exchange rate changes	
short term loan	\$ 74,953	\$ 108,596	\$ -	\$ -	(\$ 235)	\$ 183,314
Long-term loans	42,694	(42,694)	-	-	-	-
Leasehold liabilities	25,788	(10,393)	7,877	(308)	(420)	22,544
	<u>\$143,435</u>	<u>\$ 55,509</u>	<u>\$ 7,877</u>	<u>(\$ 308)</u>	<u>(\$ 655)</u>	<u>\$205,858</u>

(ii) Capital Risk Management

The Consolidated Company manages capital to ensure that it can continue as a going concern by optimizing debt and equity balances in order to maximize shareholders' returns.

The capital structure of the Consolidated Company consists of equity (i.e., capital stock, capital surplus, retained earnings and other equity items).

The Consolidated Company is not subject to other external capital requirements.

30. Financial instruments

(i) Fair Value Information-Financial Instruments Not Measured at Fair Value

The Consolidated Company's management believes that the carrying value amounts of financial assets and liabilities not measured at fair value approximate their fair values.

(ii) Fair Value Information-Financial Instruments Measured at Fair Value on a Repeat Basis

1. Fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at fair value through profit or loss - current</u>				
Beneficiary Certificates	<u>\$ 5,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,056</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets at fair value through profit or loss - current</u>				
Beneficiary Certificates	<u>\$ 23,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,847</u>

There were no transfers between Level 1 and Level 2 fair value measurements in fiscal years 2024 and 2023.

(iii) Types of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
At fair value through profit or loss		
Mandatory measurement at fair value through profit or loss (Note 1)	\$ 5,056	\$ 23,847
Financial assets measured at amortized cost (Note 2)	1,480,872	1,170,870
<u>Financial liabilities</u>		
Measured at amortized cost (Note 3)	636,491	634,167

Note 1: The balance includes the beneficiary certificates of the Fund: The balance includes the beneficiary certificates of the fund.

Note 2: The balance includes cash and cash equivalents: The balance includes cash and cash equivalents, financial assets carried at amortized cost, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, and refundable deposits carried at amortized cost.

Note 3: The balance includes financial liabilities measured at amortized cost, such as short-term loans, accounts payable, accounts payable - related parties, other payables, other payables - related parties, and long-term loans.

(iv) Financial Risk Management Objectives and Policies

The purpose of the Consolidated Company's financial risk management is to manage financial risks associated with operating activities, such as market risk (including exchange rate risk, interest rate risk, and other price risk), credit risk, and liquidity risk. In order to reduce the related financial risks, the Consolidated Company endeavors to identify, evaluate, and seek strategies to avoid market uncertainties so as to minimize the adverse effects of market changes on the Consolidated Company's financial position and financial performance.

The Consolidated Company's significant financial activities are approved by the board of directors. The Company's policies are followed during the financial planning period.

1. Market Risk

The Consolidated Company's operating activities expose the Consolidated Company to the risks of changes in foreign currency exchange rates (see (1) below) and interest rate fluctuations (see (2) below) and other price risks (see (3) below).

There was no change in the Consolidated Company's exposure to market risk on financial instruments and how it manages and measures such exposure.

(1) Exchange Rate Risk

Several subsidiaries of the Consolidated Company are engaged in sales and purchase transactions denominated in foreign currencies, which expose the Consolidated Company to exchange rate risk. Approximately 65% of the Consolidated Company's sales and 41% of the Consolidated Company's costs are denominated in currencies other than the functional currencies of the groups in which the transactions occur.

The carrying amounts of the Consolidated Company's monetary assets and monetary liabilities denominated in a nonfunctional currency as of the balance sheet date are summarized in Note 34.

Sensitivity analysis

The Consolidated Company was mainly affected by the fluctuation of the U.S. dollar exchange rate.

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of New Taiwan dollar (the functional currency) increases or decreases by 1% against the relevant foreign currencies. 1% is the sensitivity ratio used internally by the Consolidated Company to report exchange rate risk to the key management personnel, and it also represents management's assessment of the reasonably possible range of changes in the foreign currency exchange rate. The sensitivity analysis includes only monetary items denominated in foreign currencies that are outstanding and adjusts the period-end translation for a 1% change in foreign exchange rates. A positive number in the table below represents the amount by which pre-tax income would increase if the New Taiwan dollar weakened by 1% relative to the respective currencies. A negative number represents the amount by which pre-tax income would

decrease if the New Taiwan dollar strengthened by 1% relative to the respective currencies.

<u>The Impact of the Dollar</u>			
	<u>2024</u>		<u>2023</u>
benefits	<u>\$ 4,906</u>	(i)	<u>\$ 2,959</u> (i)

- (i) The main sources are U.S. dollar-denominated bank deposits, receivables, bank borrowings and payables of the Consolidated Company that were outstanding at the balance sheet date and were not hedged against cash flows.
- (ii) The Consolidated Company's exchange rate sensitivity increased during the year, mainly due to the increase in net assets denominated in foreign currencies.

(2) Interest Rate Risk

The Consolidated Company manages interest rate risk by maintaining an appropriate mix of fixed and floating interest rates.

The carrying amounts of the Consolidated Company's financial assets and financial liabilities exposed to interest rate risk at the balance sheet date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
-Financial assets	\$490,374	\$368,727
-Financial liabilities	26,266	22,544
Cash flow interest rate risk		
-Financial assets	167,942	239,484
-Financial liabilities	34,750	183,314

Sensitivity analysis

The following sensitivity analyses are based on the interest rate exposure of non-derivative instruments at the balance sheet date. For variable rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date was outstanding during the reporting period. The rate of change used by the Consolidated Company in reporting interest rates to key management is a 1% increase or decrease in interest rates, which also represents

management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 1%, with all other variables held constant, the Consolidated Company's net income before income tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$1,332 thousand and \$562 thousand, respectively, mainly due to the increase in the Consolidated Company's net assets of variable-rate bank deposits, net of short-term borrowings.

(3) Other price risk

The Consolidated Company has commodity price risk due to investment in beneficiary certificates of funds. However, the Consolidated Company regularly evaluates the price risk and investment performance in accordance with the procedures for acquiring and disposing of assets, and therefore does not expect to incur significant price risk.

Sensitivity analysis

The following sensitivity analyses were performed based on the fund price risk at the balance sheet date.

If the fund price had increased/decreased by 1%, the Consolidated Company's net income before income tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$51 thousand and \$238 thousand, respectively, as a result of the change in the fair value of the financial assets measured at fair value through profit or loss.

2. Credit Risk

Credit risk represents the risk of financial loss that the Consolidated Company will incur if the counter-parties default on their contractual obligations. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk that could result in financial loss due to default of the counter-parties on contractual obligations is mainly attributable to:

- (1) The carrying amount of financial assets recognized in the consolidated balance sheet.

- (2) The maximum amount that the Consolidated Company may be required to pay to provide financial guarantees, without regard to the probability of occurrence.

The Consolidated Company has a policy of trading only with creditworthy counterparties and obtaining sufficient guarantees, if necessary, to minimize the risk of financial loss due to default. The Consolidated Company continuously monitors its credit risk and the credit ratings of its counterparties, and controls its credit risk by reviewing and approving counterparty credit limits annually by corporate management.

In order to mitigate credit risk, the Consolidated Company's management is responsible for credit line decisions, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Consolidated Company reviews the recoverable amount of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recognized for uncollectible receivables. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced. The Consolidated Company's credit risk is concentrated on specific customers of the Consolidated Company. As of December 31, 2024 and 2023, the percentage of accounts receivable from the aforementioned customers was 33% and 34%, respectively.

3. Liquidity risk

The Consolidated Company manages and maintains a sufficient portion of cash to support the Consolidated Company's operations and mitigate the effects of fluctuations in cash flows. The Consolidated Company's management monitors the utilization of bank loans and ensures compliance with the terms of the loan agreements.

Bank borrowings are an important source of liquidity for the Consolidated Company. See (2) below for a description of the Consolidated Company's unused financing as of December 31, 2024 and 2023, respectively.

- (1) Liquidity and Interest Rate Risk of Non-derivative Financial Liabilities

The maturity analysis of the remaining non-derivative financial liabilities was prepared on the basis of the undiscounted cash flows (including principal and estimated interest) of the financial liabilities

based on the earliest possible date on which the Consolidated Company could be required to make repayment. Accordingly, the Consolidated Company's bank borrowings that could be demanded to be repaid immediately are listed in the earliest period in the table below, regardless of the probability that the bank will immediately enforce the right; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The following table details the remaining contractual maturity analysis of the Consolidated Company's non-derivative financial liabilities with scheduled repayment periods, which are based on the earliest date on which the Consolidated Company may be required to make a repayment and are prepared on the basis of the undiscounted cash flows of the financial liabilities, which consist of principal and estimated interest.

December 31, 2024

Non-derivative financial liabilities	Less than 1 year	1~ 5 years	5 to 10 years	10-15 years
Non-interest- bearing liabilities	\$ 591,888	\$ -	\$ -	\$ -
Floating Rate Instrument	35,086	-	-	-
Fixed rate instruments	188	10,441	-	-
Leasehold liabilities	<u>8,442</u>	<u>9,231</u>	<u>-</u>	<u>-</u>
	<u>\$ 635,604</u>	<u>\$ 19,672</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

Non-derivative financial liabilities	Less than 1 year	1~ 5 years	5 to 10 years	10-15 years
Non-interest- bearing liabilities	\$ 450,853	\$ -	\$ -	\$ -
Floating Rate Instrument	183,645	-	-	-
Leasehold liabilities	<u>9,671</u>	<u>14,913</u>	<u>-</u>	<u>-</u>
	<u>\$ 644,169</u>	<u>\$ 14,913</u>	<u>\$ -</u>	<u>\$ -</u>

(2) Financing

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured Bank Borrowing Limit		
-Amount utilized	\$ -	\$ 56,249
-Unutilized amount	<u>120,000</u>	<u>3,751</u>
	<u>\$ 120,000</u>	<u>\$ 60,000</u>

Guaranteed Bank Loan Limit		
-Amount utilized	\$ 45,000	\$ 127,065
-Unutilized amount	<u>419,038</u>	<u>283,412</u>
	<u>\$ 464,038</u>	<u>\$ 410,477</u>

31. Related party transactions

Transactions, account balances, gains and losses between the Consolidated Company and its subsidiaries, which are related parties of the Consolidated Company, were eliminated upon consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Consolidated Company and other related parties were as follows.

(i) Names of related parties and their relationships

Name of related party	Relationship with Consolidated Company
Advantech Co., Ltd.	Parent Company of Significantly Affected Investors
Advantech Technology (China) Company Ltd. (AKMC)	Subsidiaries of Significantly Affected Investors
LNC Technology Co., Ltd.	Sister Company of Significantly Affected Investors (Note 1)
LNC Dong Guan Co., Ltd.	Affiliates of Significantly Affected Investors (Note 1)
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Affiliates of Significantly Affected Investors
Advantech Corporation (U.S.A.)	Affiliates of Significantly Affected Investors
Advantech Europe B.V.	Affiliates of Significantly Affected Investors
LINK UPON ADVANCED MATERIAL CORP.	Significantly influenced investor of a subsidiary (Junto International Co., Ltd.)
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material, inc.	Affiliated Subsidiaries
I-SHENG Electric Wire & Cable Company (Vietnam)	Related party in substance (Note 2)

Note 1: The parent company of the Group's significant influence investor lost control over LNC Technology Co., Ltd. and its subsidiaries during the second quarter of fiscal year 2024, and therefore is not a related party of the Group since the second quarter of fiscal year 2024.

Note 2: I-SHENG Electric Wire & Cable Company (Vietnam) is a 100% owned entity of I-SHENG Electric Wire & Cable Co., Ltd.

(ii) Operating income

Type/name of related party	2024	2023
Parent Company of Significantly Affected Investors		
Advantech Co., Ltd.	\$ 39,415	\$ 45,421
Subsidiaries of Significantly Affected Investors		
AKMC	77,375	77,045
Sister Company of Significantly Affected Investors	-	1
Affiliates of Significantly Affected Investors	2,673	3,807
Substantial Influence on Subsidiaries		
LINK UPON ADVANCED MATERIAL CORP.	<u>25,547</u>	<u>5,652</u>
	<u>\$145,010</u>	<u>\$131,926</u>

The transaction prices and credit terms for sales to related parties are not significantly different from those to non-related parties. If there are no comparable transactions due to special specifications, the sales prices are based on the sales prices agreed upon by both parties.

(iii) Amounts due from related parties (excluding loans to related parties)

line item	Type/name of related party	December 31, 2024	December 31, 2023
Accounts receivable -	Parent Company of Significantly Affected Investors		
Relationship	Advantech Co., Ltd.	\$ 13,330	\$ 14,070
	Subsidiaries of Significantly Affected Investors		
	AKMC	28,259	21,130
	Affiliates of Significantly Affected Investors	9	71
	Substantial Influence on Subsidiaries		
	LINK UPON ADVANCED MATERIAL CORP.	<u>83</u>	<u>-</u>
		<u>\$ 41,681</u>	<u>\$ 35,271</u>

The Consolidated Company receives payments for intercompany transactions within 30 to 120 days from the end of each month.

Outstanding receivables from related parties are not guaranteed, and no allowance for losses has been provided for receivables from related parties as of December 31, 2024 and 2023, respectively.

(iv) Amounts due to related parties (excluding loans from related parties)

line item	Type/name of related party	December 31, 2024	December 31, 2023
Accounts payable - Relationship	Subsidiaries of Significantly Affected Investors Substantial Influence on Subsidiaries LINK UPON ADVANCED MATERIAL CORP.	\$ - <u>2,531</u> <u>\$ 2,531</u>	\$ 85 <u>531</u> <u>\$ 616</u>
Other payables - Relationship	Subsidiaries of Significantly Affected Investors	<u>\$ 24</u>	<u>\$ -</u>

(v) Tenancy Agreement

Type/name of related party	2024	2023
<u>Rental Fees</u>		
Affiliated Subsidiaries	\$ 19	\$ 19
Related party in substance	<u>8,000</u>	<u>7,750</u>
	<u>\$ 8,019</u>	<u>\$ 7,769</u>

Type/name of related party	December 31, 2024	December 31, 2023
<u>Other payables - related parties</u>		
Lease payables		
Related party in substance	<u>\$ 677</u>	<u>\$ 635</u>

The Consolidated Company leases office space from an affiliated company of the Consolidated Company for a period of one year. For the years ended January 1, 2024 and 2023, under marketing expenses-rent expense, the Consolidated Company made reference to the rental level of similar assets and made fixed annual lease payments in accordance with the lease agreements.

The Consolidated Company leases a plant from a related party for a period of one year. The lease term is based on the rental level of similar assets, and fixed monthly payments are made in accordance with the lease agreement.

	<u>2024</u>	<u>2023</u>
Rental expenses are summarized by function		
Operating Costs	\$ 5,600	\$ 5,425
Operating Expenses	<u>2,419</u>	<u>2,344</u>
	<u>\$ 8,019</u>	<u>\$ 7,769</u>

Lease expenses are for short-term leases. Future total lease payments to be made under short-term leases are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total lease payments to be made in the future	<u>\$ 19,587</u>	<u>\$ 5,873</u>

(vi) Other related party transactions

The Company receives mold testing revenues from the parent company of a significantly influenced investor, which were recognized in other income of \$17 thousand and \$180 thousand in FY2024 and FY2023, respectively.

The Company paid for the use of the supply chain e-platform with the parent company of a significantly influenced investor, and recognized selling expenses-other expenses of \$34 thousand and \$32 thousand for both fiscal years 2024 and 2023, respectively.

(vii) Key management remuneration

	<u>2024</u>	<u>2023</u>
Short-term Employee Benefits	\$ 52,587	\$ 51,666
Share-based Payment	491	845
Post-employment benefits	<u>1,603</u>	<u>1,374</u>
	<u>\$ 54,681</u>	<u>\$ 53,885</u>

The compensation of directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

32. Pledged Assets

The following assets were provided as collaterals for the Consolidated Company's bank loans and as deposits for renting vehicles, warehouses, offices and factories:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
land	\$ 25,532	\$ 25,532
Buildings	110,087	122,044
Land Use Rights	9,358	9,238
Deposit of security deposits	<u>6,904</u>	<u>8,838</u>
	<u>\$151,881</u>	<u>\$165,652</u>

33. Unrecognized contractual commitments

Unrecognized contractual commitments of the Consolidated Company at the balance sheet date, other than those already described in other notes, are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Purchase of property, plant and equipment	\$ 68,360	\$ 9,976
Acquisition of intangible assets	4,942	1,029
Acquisition of land use rights	-	<u>61,971</u>
	<u>\$ 73,302</u>	<u>\$ 72,976</u>

34. Information on foreign currency assets and liabilities with material effect

The following information is presented on a consolidated basis for each of the Consolidated Company's entities in foreign currencies other than their functional currencies, and the exchange rates disclosed represent the rates at which these foreign currencies are translated into their functional currencies. Information on foreign-currency financial assets and liabilities with significant effect is summarized as follows:

December 31, 2024

	<u>foreign currencies</u>	<u>exchange rate</u>	<u>Book value</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
US Dollars	\$ 18,678	32.78 (United States dollars: New Taiwan dollars)	\$ 612,254
<u>Non-Monetary Items</u>			
Equity-method affiliates			
People's Currency	10,830	4.478 (RMB: NTD)	48,495
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US Dollars	3,720	32.78 (United States dollars: New Taiwan dollars)	121,628

December 31, 2023

	foreign		
	currencies	exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
US Dollars	\$ 16,446	30.71 (United States dollars: New Taiwan dollars)	\$ 505,068
<u>Non-Monetary</u>			
<u>Items</u>			
Equity-method affiliates			
People's Currency	\$ 10,738	4.329 (RMB: NTD)	\$ 46,484
<u>Financial liabilities</u>			
<u>Monetary items</u>			
US Dollars	6,811	30.71 (United States dollars: New Taiwan dollars)	209,176

The Consolidated Company's foreign currency exchange gains and losses for the years ended December 31, 2024 and 2023 were \$24,183 thousand and \$6,355 thousand, respectively, net of foreign currency exchange gains and losses. Due to the wide variety of foreign currency transactions, the Consolidated Company is not able to disclose the exchange gains and losses by each of the foreign currencies in which they have significant effects.

35. Disclosure of Notes

(i) significant transactions and (ii) information on reinvestments:

1. Loans to others: Refer to Table 1.
2. Provision of endorsements and guarantees to others: Refer to Table 2
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Refer to table 4.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 5.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 6
 8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 7.
 9. Engaged in derivatives trading: Note 7.
 10. Other: Significant inter-company transactions during the reporting periods: Refer Table 8.
 11. Information on investees: Refer Table 9.
- (iii) Information on investments in mainland China:
1. Names of investees in Mainland China, Main business activities, paid-in capital, method of investment, remittance of capital, percentage of ownership, investment gain or loss, ending balance, repatriated investment gain or loss, and limit on investment in Mainland China: Table 10.
 2. The following significant transactions with investees in Mainland China directly or indirectly through a third party, as well as the prices, terms of payment, and unrealized gain or loss on these transactions: None.
 - (1) Amounts and percentages of purchases and related payables at the end of the period.
 - (2) Amount and percentage of sales and related receivables at the end of the period.
 - (3) The amount of property transactions and the amount of profit or loss arising therefrom.
 - (4) The ending balance of notes endorsed or collaterals provided and their purposes.
 - (5) The maximum balance, ending balance, interest rate range, and total current interest of the Fund.
 - (6) Other transactions that have a significant effect on the current period's profit or loss or financial position, such as the provision or receipt of labor.
- (iv) Major shareholders information: Table 11.

36. Departmental Information

The information provided to the chief operating decision maker for the purpose of allocating resources and evaluating departmental performance focuses on the type

of products or services delivered or provided by each. The Consolidated Company's reportable segments are as follows:

(i) Departmental Revenue and Results of Operations

The Consolidated Company's revenues and results of operations are analyzed by reportable segment as follows:

2024

	Wire Harness Division	Engineering Plastics Department	Total
Revenue from external customers	\$ 1,604,122	\$ 558,874	\$ 2,162,996
Inter-departmental revenue	<u>1,049,432</u>	<u>106,484</u>	<u>1,155,916</u>
Departmental Revenue	2,653,554	665,358	3,318,912
Internal elimination	(<u>1,049,432</u>)	(<u>106,484</u>)	(<u>1,155,916</u>)
Consolidated revenue	<u>\$ 1,604,122</u>	<u>\$ 558,874</u>	<u>2,162,996</u>
Departmental Profit and Loss	<u>\$ 193,577</u>	<u>\$ 34,896</u>	228,473
Directors' Remuneration			(\$ 3,748)
Interest income			8,374
Other income			4,222
Other benefits and losses			23,860
Finance Costs			(5,134)
Equity-method share of profits and losses of related parties			<u>1,526</u>
Pre-tax benefits			<u>\$ 257,573</u>

2023

	Wire Harness Division	Engineering Plastics Department	Total
Revenue from external customers	\$ 1,214,189	\$ 601,961	\$ 1,816,150
Inter-departmental revenue	<u>759,101</u>	<u>96,785</u>	<u>855,886</u>
Departmental Revenue	1,973,290	698,746	2,672,036
Internal elimination	(<u>759,101</u>)	(<u>96,785</u>)	(<u>855,886</u>)
Consolidated revenue	<u>\$ 1,214,189</u>	<u>\$ 601,961</u>	<u>1,816,150</u>
Departmental Profit and Loss	<u>\$ 121,974</u>	<u>\$ 27,977</u>	149,951
Directors' Remuneration			(1,947)
Interest income			7,807
Other income			6,379
Other benefits and losses			(828)
Finance Costs			(3,458)

	Wire Harness Division	Engineering Plastics Department	Total
Equity-method share of profits and losses of related parties			<u>978</u>
Pre-tax benefits			<u>\$ 158,882</u>

Intersegment sales are based on market prices.

Segment profit is defined as profit earned by each segment, excluding allocable head office management costs and directors' compensation, equity-method share of gain or loss from affiliates, other income, net (gain) or loss on foreign-currency translation, gain or loss on the valuation of financial instruments, finance costs, and income tax expense. This measurement is provided to the chief operating decision maker for the purpose of allocating resources to the segment and evaluating its performance.

(ii) Total departmental assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Departmental assets</u>		
Wire Harness Division	\$ 2,034,836	\$ 1,515,577
Engineering Plastics Department	<u>365,759</u>	<u>362,020</u>
Total consolidated assets	<u>\$ 2,400,595</u>	<u>\$ 1,877,597</u>
<u>Departmental liabilities</u>		
Wire Harness Division	(\$ 684,636)	(\$ 664,610)
Engineering Plastics Department	(<u>133,689</u>)	(<u>143,035</u>)
Consolidated total liabilities	(<u>\$ 818,325</u>)	(<u>\$ 807,645</u>)

Assets of the Consolidated Company's operating divisions are measured on the basis of controllable assets. Liabilities are allocated in consideration of the cost of capital and capital deployment needs of the entire company, and are not under the control of individual operating divisions; therefore, they are not included in the basis for evaluating the performance of the divisions' management.

(iii) Revenue from major products

Revenues from the Consolidated Company's major products are analyzed as follows:

	2024	2023
AIOT Intelligent Internet of Things		
Application Cable Set	\$ 805,032	\$ 617,777
Computer Consumer Electronics		
Cable Assemblies	520,220	405,741
Engineered Plastic Functional		
Materials	558,874	601,961
Others-Connection cable set	278,870	190,671
	<u>\$ 2,162,996</u>	<u>\$ 1,816,150</u>

(iv) District Information

Information on the Consolidated Company's revenues from external customers by location of operations and noncurrent assets by location of assets is presented below:

	2024	2023	Non-current assets	
			December 31, 2024	December 31, 2023
Mainland			\$ 335,181	\$ 308,284
China	\$ 629,417	\$ 535,301		
Taiwan	1,473,924	1,224,941	152,386	136,729
Other	<u>59,655</u>	<u>55,908</u>	<u>172,850</u>	<u>80,149</u>
Regions				
	<u>\$ 2,162,996</u>	<u>\$ 1,816,150</u>	<u>\$ 660,417</u>	<u>\$ 525,162</u>

(V) Major Customers

Revenues from a single customer amounting to 10% or more of the Consolidated Company's net operating revenues were as follows:

	2024	2023
Company A	<u>\$ 478,299</u>	<u>\$ 330,145</u>

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	Financial Statement Account	Related Parties	Maximum balance for the period (Note 4)	Ending Balance (Note 4)	Actual amount drawn down (Note 4)	Interest rate range	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 4)	Remarks
													Item	Value			
0	VSO ELECTRONICS CO., LTD.	VSO (Viet Nam) Electronics Co., LTD.	Other receivables -Related party	Yes	\$ 114,730 (USD 3,500 thousand dollars)	\$ 81,950 (USD 2,500 thousand dollars)	\$ 14,751 (USD 450 thousand dollars)	6.1	2	\$ -	Operating need	\$ -	-	\$ -	\$ 595,776	\$ 595,776	Note 2

Note 1: The following table describes the nature of loans and capitalization:

- (1) Please fill in 1 if you have business dealings.
- (2) Please fill in 2 if you have a need for short-term financing.

Note 2: The total amount of the Company's capital loan shall not exceed 40% of the Company's net worth and the limit for each target shall not exceed 40% of the Company's net worth.

Note 3: Amounts in New Taiwan dollars were translated into New Taiwan dollars at the year-end exchange rate.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD and foreign currencies
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/gua antee amount as of December 31, 2024 (Note 2)	Outstanding endorsement/ guarantee amount at December 31, 2024 (Note 2)	Actual amount drawn down (Notes 2 and 3)	Amount of endorsements/ guarantees secured with No. collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Remark s
		Company Name	Relationship with the endorser/guarantor											
0	VSO Electronics Co., Ltd.	LINKUPON INTERNATIONAL LIMITED	Companies in which the Company directly and indirectly owns more than 60% of the voting stock	\$ 446,832	\$ 150,000	\$ 150,000	\$ 88,418	\$ -	10.07%	\$ 1,191,553	Y	N	N	

Note 1:The aggregate amount of the Company's and its subsidiaries' overall endorsements and guarantees shall not exceed 80% of the net worth of each company's most recent financial statements. The aggregate endorsement and guarantee amount of the Company and its subsidiaries as a whole shall not exceed 30% of the net worth of each company's most recent financial statements; the aggregate endorsement and guarantee amount of the Company and its subsidiaries directly and indirectly holding 100% of the voting shares shall not exceed 40% of the net worth of each company's most recent financial statements .

Note 2: Amounts in New Taiwan dollars were translated into New Taiwan dollars based on the exchange rate at the end of the year.

Note 3: The intercompany transactions have been eliminated in full in the preparation of the consolidated financial statements.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period
December 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Holding Company Name	Types and names of marketable securities	Relationship with securities issuers	General ledger account	As of December 31, 2024				Remarks
				Number of shares/units	Book value	Shareholding ratio (%)	Fair value	
VSO Electronics Co., Ltd.	Bonds with Repurchase P13 Cathay Life 1A (Note 1)	No	Financial assets measured at amortized cost - current	-	\$ 338,208	-	\$ 338,208	
LINKUPON INTERNATIONAL LIMITED	Fund First Gold Investment Trust Taiwan Monetary Fund	No	Financial assets at fair value through profit or loss - current	316,653	5,056	-	5,056	(Note 2)

Note 1: The collaterals attached to the repurchased bonds are unsecured cumulative subordinated common bonds of Cathay Life Insurance Company Limited No. 1, FY2024.

Note 2: Presented and calculated on the basis of the fund's net worth as of December 31, 2024

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the year ended December 31, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Buying and Selling Companies	marketable securities Type and Name	General ledger account	Counterparty	Relationship	Balance as at January 1, 2024		Acquisition		Disposal				Gain (Loss) on Valuation	Balance as at December 31, 2024	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Carrying Amount	Gain/loss on disposal		Shares/Units	Amount
VSO Electronics Co., Ltd.	Bonds with repurchase - P13 Cathay Life 1A (Note)	Financial assets measured at amortized cost - current	KGI Securities Co., Ltd.	No	-	\$ -	-	\$ 338,208	-	\$ -	\$ -	\$ -	\$ -	-	\$ 338,208

Note: The collaterals attached to the repurchased bonds are unsecured cumulative subordinated general corporate bonds of Cathay Life Insurance Company, Ltd.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

December 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Property Name	Date of the event	Transaction Amount (Notes 1, 2 and 3)	Status of payment (Notes 2 and 3)	Counterparty	Relationship	Information on prior transaction if the counterparty is a related party				Pricing Reference	Purpose of Acquisition	Other commitments
							Property Terms Owner	Relationship	Transfer Date	Amount			
Vsovn Electronics (HANOI) Company Limited	Part of Lot CN02, Phase I, South Hanoi Auxiliary Industrial Park, Dai Chuan Commune, Bucheon District, Hanoi, Vietnam	113/05/31	\$ 96,465 (VND Thousand dollars 74,856,528)	\$ 96,465	N&G Investment & Development Co.	Non-Related Party	Not applicable	Not applicable	Not applicable	\$ -	Valuation report issued by THANH DO VALUATION JOINT STOCK COMPANY valuation office	To meet the needs of the Company's future business development	Note 3

Note 1: Amount of VAT exemption.

Note 2: Amounts in New Taiwan dollars were translated into New Taiwan dollars based on the exchange rate at the end of the year.

Note 3: The Board of Directors of the Company approved the signing of a deposit contract for the purchase of land use rights in Vietnam on behalf of the Company's unincorporated Vietnamese subsidiary, Vsovn Electronics (Hanoi) Company Limited, which was subsequently established, on May 3, 2023; the Board of Directors of the Company approved the obtaining of the land use rights in Vietnam and signing of a deposit contract on the land use rights therein, which was subsequently acquired by Vsovn Electronics (Hanoi) Company Limited, an established Vietnamese subsidiary. Vsovn Electronics (Hanoi) Company Limited, the established Vietnam subsidiary, signed a formal contract with N&G Investment and Development Joint Stock Company on May 31, 113, and obtained the land use right certificate in September 2024 for the land.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more.

For the year ended December 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty Name	Relationship	Transactional circumstances				Trading conditions are different from normal trading circumstances and reasons		Notes and accounts receivable (payable)		Remarks
			Purchases (Sales)	Amount	Percentage of total (sales)/purchases	Credit term	price	Credit period	Balance	Percentage of total notes/accounts receivable (payable)	
VSO Electronics Co., Ltd.	Ji An VSO Electronics Co., LTD	Subsidiary	Purchase	\$ 669,526	75%	60 days per month	Priced on the basis of internal transfers	-	(\$ 146,872)	(73%)	-
Ji An VSO Electronics Co., LTD	VSO Electronics Co., Ltd.	Parent company	Sales	(669,526)	(71%)	60 days per month	Priced on the basis of internal transfers	-	146,872	59%	-
VSO Electronics (Suzhou) Co., LTD	Ji An VSO Electronics Co., LTD	Brothers	Purchase	141,614	66%	30-60 days per month	Priced on the basis of internal transfers	-	(49,701)	(66%)	-
Ji An VSO Electronics Co., LTD	VSO Electronics (Suzhou) Co., LTD	Brothers	Sales	(141,614)	(15%)	30-60 days per month	Priced on the basis of internal transfers	-	49,701	20%	-
VSO Electronics Co., Ltd.	VSO (Viet Nam) Electronics Co., LTD	Subsidiary	Purchase	178,807	20%	End of month 30-90 days	Priced on the basis of internal transfers	-	(42,978)	(21%)	-
VSO (Viet Nam) Electronics Co., LTD	VSO Electronics Co., Ltd.	Parent company	Sales	(178,807)	(73%)	End of month 30-90 days	Priced on the basis of internal transfers	-	42,978	82%	-
Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	LINKUPON INTERNATIONAL LIMITED	Parent company	Purchase	103,102	45%	60 days per month	Priced on the basis of internal transfers	-	(16,915)	(38%)	-
LINKUPON INTERNATIONAL LIMITED	Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	Subsidiary	Sales	(103,102)	(27%)	60 days per month	Priced on the basis of internal transfers	-	16,915	39%	-

Note: The intercompany transactions have been eliminated in full in the preparation of the consolidated financial statements.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company Name	Counterparty Name	Relationship	Ending balance	Turnover Rate	Overdue receivables from related parties		Amounts received in subsequent period	Allowance for doubtful account
					Amount	Actions taken		
Ji An VSO Electronics Co., LTD	VSO Electronics Co., Ltd.	Parent company	\$ 146,872	5.22	\$ -	-	\$ 146,872	\$ -

Note: The intercompany transactions have been eliminated in full in the preparation of the consolidated financial statements.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2024

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company Name	Counterparty Name	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (%)
0	VSO Electronics Co., Ltd.	Ji An VSO Electronics Co., LTD	1	Purchase	\$ 669,526	Note 4	31%
				Accounts payable - related parties	146,872	End of month 30-90 days	6%
1	Ji An VSO Electronics Co., LTD	VSO (Viet Nam) Electronics Co., LTD	1	Purchase	178,807	Note 4	8%
				Accounts payable - related parties	42,978	End of month 30-90 days	2%
		VSO Electronics (Suzhou) Co., LTD	3	Sales	141,614	Note 4	2%
				Accounts receivable - related parties	49,701	End of month 30 days	7%
2	LINKUPON INTERNATIONAL LIMITED	VSO (Viet Nam) Electronics Co., LTD	3	Sales	49,920	Note 4	2%
				Accounts receivable - related parties	22,333	End of month 30-90 days	1%
		Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	3	Accounts receivable - related parties	16,915	60 days per month	1%
				Sales	103,102	Note 4	5%

Note 1: The information of intercompany transactions between the parent company and subsidiaries should be indicated in the number column separately, and the number should be filled in as follows:

1. Enter 0 for the parent company.
2. Subsidiaries are numbered in order from the Arabic number 1.

Note 2: There are three types of relationships with traders as follows, and it is sufficient to indicate the type of relationship:

1. Parent to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The above transactions have been fully eliminated.

Note 4: In accordance with the Group's transfer pricing policy system.

Note 5: The disclosure standard is based on the amount of significant intercompany transactions amounting to at least 1% of the Consolidated Company's consolidated revenue or total assets.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees (excluding information on investments in Mainland China)
For the year ended December 31, 2024

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investment Company Name	Name of investee company	Location	Main business activities	Initial investment amount		Balance as of December 31, 2024			Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended December 31, 2024	Remarks
				Balance as at December 31, 2024	Balance as at January 1, 2024	Number of shares	Ownership (%)	Carrying amount			
VSO Electronics Co., Ltd.	Cable Garden Holdings Limited	SAMOA	Investment holding business	\$ 314,786	\$ 314,786	10,224,804	100%	\$ 454,248	\$ 63,133	\$ 63,563	Notes 1 and 3
	LINKUPON INTERNATIONAL LIMITED	Taiwan	Sales of engineering plastics for optical automotive 3C products.	90,000	90,000	9,000,000	60%	139,242	29,359	17,616	Note 3
	Vsovn Electronics (HANOI) Company Limited	Vietnam	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	(USD 159,606 5,000thousand dollars)	(USD 159,606 5,000 thousand dollars)	-	100%	153,642	369 (VND 287,658 Thousand Dollars)	369 (VND 287,658 Thousand Dollars)	Note 3
Cable Garden Holdings Limited	VSO (Viet Nam) Electronics Co., LTD	Vietnam	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	(USD 60,847 2,000 thousand dollars)	(USD 60,847 2,000 thousand dollars)	-	100%	82,733	14,228 (VND 11,087,984 Thousand Dollars)	13,698 (VND 10,669,734 Thousand Dollars)	Notes 2 and 3
	Cleveland Investment Limited	SAMOA	Investment holding business	56,101	56,101	1,700,000	100%	90,386	9,474	9,474	Note 3
LINKUPON INTERNATIONAL LIMITED	Linkupon International Holdings, Limited	SAMOA	Investment holding business	71,444	71,444	2,407,795	100%	147,421	12,143	12,143	Note 3

Note 1: The investment loss recognized for the year ended FY2024 was the reversal of unrealized gross profit on sales of \$3,230 thousand from the beginning of the year and the addition of unrealized gross profit of \$2,800 thousand from the end of the year from the countercurrent transaction; the carrying value was reduced by unrealized gain of \$411 thousand from the downstream transaction.

Note 2: The investment income recognized for the year ended FY2024 was the reversal of unrealized gross loss on sales of \$526 thousand from side-stream transactions at the beginning of the year and the addition of unrealized gross profit of \$4 thousand from side-stream transactions at the end of the year.

Note 3: The carrying amounts of long-term equity investments, recognized investment income or loss, and equity in earnings of investees have been eliminated in the preparation of consolidated financial statements.

Note 4: Please refer to Table 10 (attached) for information on investees in Mainland China.

VSO ELECTRONICS CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2024

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investmen t Methods	Accumulated Outflow of Investment from Taiwan as of January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net profit (loss) of the investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect) (%)	Investment net profit (loss)(Note 1)	Carrying Value as of December 31, 2024	Accumulated Inward Remittance of Earnings as of December 31	Remarks
					Outflow	Inflow							
Ji An VSO Electronics Co., LTD	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	\$ 175, 176 (USD 2,800 thousand and RMB 17,600 thousand)	Note 4	\$ 83,052 (USD 2,800 thousand dollars)	\$ -	\$ -	\$ 83,052 (USD 2,800 thousand dollars)	\$ 40,224 (RMB 9,030 thousand yuan)	100%	\$ 40,224 (RMB 9,030 thousand yuan)	\$ 294,110 (RMB 65,679 thousand dollars)	\$ 44,000 (RMB 10,000 thousand yuan)	
VSO Electronics (Suzhou) Co., LTD	Production and sales of various connecting cables for IOT, cloud, industrial control, medical and automotive applications.	56,101 (USD 1,700 thousand dollars)	Note 7	56,101 (USD 1,700 thousand dollars)	-	-	56,101 (USD 1,700 thousand dollars)	9,474 (RMB 2,127 thousand yuan)	100%	9,474 (RMB 2,127 thousand yuan)	90,378 (RMB 20,183 thousand yuan)	35,200 (RMB 8,000 thousand yuan)	
Zhangjiagang Free Trade Zone Linkupon Material Trading Limited Company	Sales of engineering plastics for optical automotive 3C products.	53,095 (USD 1,400 thousand dollars)	Note 6	56,046 (USD 1,724 thousand dollars)	-	-	56,046 (USD 1,724 thousand dollars)	10,586 (RMB 2,376 thousand yuan)	60%	6,351 (RMB 1,426 thousand yuan)	100,213 (RMB 22,379 thousand yuan)	30,800 (RMB 7,000 thousand yuan)	
Zhang Jia Gang Free Trade Zone Mitsui LinkUpon Advanced Material,inc.	Production and sales of engineering plastic composites.	190,371 (USD 5,690 thousand dollars)	Note 6	50,066 (USD 1,739 thousand dollars)	-	-	50,066 (USD 1,739 thousand dollars)	6,359 (RMB 1,427 thousand yuan)	24%	1,526 (RMB 343 thousand yuan)	48,495 (RMB 10,830 thousand yuan)	3,084 (RMB 698 Thousand Yuan)	

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
\$ 245,265	\$ 337,389	\$ 949,362

Note 1: Based on the audited and certified financial statements of the parent company in Taiwan.

Note 2: The investment amount approved by the Investment Commission, MOEA amounted to USD10,479,405.55, which was calculated based on the original exchange rate.

Note 3: Calculated based on the limit of 60% of the consolidated net worth as stipulated in the Investment Commission's Letter No. 09704604680.

Note 4: The investment was transferred from Cable Garden Holding Limited, a 100%-owned third-party company, to a mainland company.

Note 5: It was transferred from Linkupon International Holdings, Limited, a third-party company, which is owned as to 60% by Yoon Toh International Corporation and 100% by Yoon Toh International Corporation, to a mainland company.

Note 6: Invested by 100% owned third-party Cleveland Investment Limited.

Note 7: Eliminated in full in the preparation of the consolidated financial statements.

VSO Electronics Co., Ltd.
Major shareholders information
December 31, 2024

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Advantech Corporate Investment	4,694,800	11.25%
Ding Hong Investment Co., Ltd.	3,630,000	8.70%

Note 1: The information of major shareholders in this table is calculated by the PIC on the last business day of the year, which is the date when the shareholders hold 5% or more of the company's common shares that have completed the delivery of inanimate registered delivery (including treasury shares) in the aggregate. There may be differences between the share capital recorded in the Company's consolidated financial statements and the actual number of shares of the Company's common stock that have completed the registration and delivery of treasury stock due to differences in the basis of preparation of the calculations.

Note 2 : The above information is disclosed in the trustee's separate account for the trustee who opened the trust account if the shareholders delivered their shares to the trust. As for the shareholders' internal ownership of over 10% in accordance with the Securities and Exchange Act, the shareholdings of the shareholders include their own shareholdings plus the shareholdings of the trustees who have the right to decide the use of the trust property, etc. Please refer to Market Observation Post System for the information on the internal ownership of the shareholdings of the shareholders.